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Imputed Rights

Critics of Henry George

A Centenary Appraisal
of Their Strictures on
Progress and Poverty

Edited by
ROBERT V. ANDELSON

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to
Violetta G. Graham
(known professionally as V.G. Peterson),
wise counselor,
untiring mentor,
and
cherished friend,
this book is fondly dedicated

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Introduction

BY ROBERT V. ANDELSON

I

"People do not argue with the teaching of George, they simply do not know it." This sentiment, expressed by Tolstoy in 1905,¹ had a degree of validity even then. The writers of economic textbooks in particular, when deigning to mention George at all, have tended to dismiss his contribution with a few patronizing sentences that, more often than not, display a lamentable absence of real acquaintance with his thought.²

Henry George was one of a long succession of political economists—including Adam Smith, Malthus, the two Mills, Ricardo, Chalmers, Sidgwick, and Marx—with no official training in the discipline. Like that of most of the other members of this line, moreover, his pursuit of the subject was merely a particularization of broader social and even metaphysical concerns. It was his misfortune, however, to have launched his theory just as economics was becoming a specialized profession, as signaled by the founding of the American Economic Association in 1885 by scholars, many of whom had done postgraduate study in Germany. Henceforth, at least in the United States, he who presumed to write on economic theory without having first armed himself with advanced degrees in the field would run the risk of being disparaged as an amateur in academic circles. And George held no degrees at all—advanced or otherwise! His response to the coolness elicited by his ideas in these circles was scarcely calculated to dispel it. It was perhaps both understandable and inevitable that this self-taught reformer, who believed with passionate sincerity in the unassailability of his logic and the imperative necessity of his social program, should impute motives of intellectual cowardice to his scholarly detractors. "George's unwarranted suspicion, even contempt, for the academic world, an attitude duplicated by many of his followers, undoubtedly created much antagonism for him among the very people whose endorsement he desperately needed."³ And this antagonism all too often manifested itself in contemptuous silence or peremptory dismissal.

Yet there have been those who, Tolstoy to the contrary notwithstanding, *have* argued with the teaching of George. Not all of their arguments have been

catchy, crude, or ill-informed; several have been detailed, closely reasoned, and based upon a careful study of his works. Had most of his disciples in this century taken Tolstoy's assertion (justifiably a commonplace among them) less literally, they might have discovered not a few criticisms worthy of their analysis and possible refutation, together with some areas in which the master's legacy could profit from judicious modification or supplementation.

I do not, of course, wish to impart the impression that George's thought met with only hostile or indifferent response among the literati. A formidable list of testimonials, ranging from Tolstoy and Sun Yat-sen to Nicholas Murray Butler and John Dewey, could be cited to show the opposite.⁴ The list would, in fact, contain statements from some prominent economists, although not many have accorded unqualified approval to the Georgist doctrine. Even George's most dedicated opponents have, almost without exception, paid tribute to the eloquence of his literary style and the luminous nobility of his intentions, and some have credited him with calling needed attention to abuses, with awakening their interest in economic problems, and with performing yeoman service in exposing certain hoary fallacies.⁵ Joseph Schumpeter, to mention but one recent economist of great distinction, spoke appreciatively of George in no uncertain terms in his last book, *History of Economic Analysis*, posthumously published.*

My purpose here, however, is not to rehearse encomia; that task may be left to the various periodicals of the Georgist movement without fear that they will be in the least delinquent in fulfilling it. Rather, on this centenary of George's magnum opus, I am convinced that the highest tribute we can pay his memory, and the one that he himself would cherish most, is to present as fairly as possible the arguments of his most significant critics, and to weigh them in the scales both of abstract reason and of empirical evidence.

Heretofore this has not been done in any comprehensive way. During

*It may be instructive to quote Schumpeter's remarks, especially insofar as they relate to the question of George's technical competence:

He was a self-taught economist, but he *was* an economist. In the course of his life, he acquired most of the knowledge and of the ability to handle an economic argument that he could have acquired by academic training as it then was. In this he differed to his advantage from most men who proffered panaceas. Barring his panacea (the Single Tax) and the phraseology connected with it, he was a very orthodox economist and extremely conservative as to methods. They were those of the English "classics," A. Smith being his particular favorite. Marshall and Bohm-Bawerk he failed to understand. But up to and including Mill's treatise, he was thoroughly at home in scientific economics; and he shared none of the current misunderstandings or prejudices concerning it. Even the panacea—nationalization not of land but of the rent of land by a confiscatory tax—benefited by his competence as an economist, for he was careful to frame his "remedy" in such a manner as to cause the minimum injury to the efficiency of the private-enterprise economy. Professional economists who focused attention on the single-tax proposal and condemned Henry George's teaching, root and branch, were hardly just to him. The proposal itself, one of the many descendents of Quesnay's *impot unique*, though vitiated by association with the untenable theory that the phenomenon of poverty is entirely due to the absorption of all surpluses by the rent of land, is not *economically* unsound, except that it involves an unwarranted optimism concerning the yield of such a tax. In any case, it should not be put down as nonsense. If Ricardo's vision of economic evolution had been correct, it would even have been obvious wisdom. And obvious wisdom is in fact what George said in *Progress and Poverty* (ch. 1, Book ix) about the economic effects to be expected from a removal of fiscal burdens—if such a removal were possible. [Joseph A. Schumpeter, *History of Economic Analysis*, ed. Elizabeth Boody Schumpeter (New York: Oxford University Press, 1954), p. 865.]

George's lifetime he published rejoinders to a few of his critics, notably Herbert Spencer, the Duke of Argyll, and Edward Atkinson;⁶ and Thomas Shearman attempted to refute several animadversions in a brief article, and later in the last part of his *Natural Taxation*.⁷ Max Hirsch's *Democracy and Socialism* contains chapters that deal with the objections of Atkinson and Francis A. Walker, and shorter discussions that address those of Lord Bramwell, J. C. Spence, W. E. H. Lecky, Thomas H. Huxley, H. M. Hyndman, John A. Hobson, and an anonymous Fabian pamphleteer.⁸ As far as the number of critics covered is concerned, by far the most ambitious effort along these lines is Steven B. Cord's *Henry George: Dreamer or Realist?*, but it is more of an evaluative survey than an analysis in depth, and is limited to the treatment of George by American economists and historians. Otherwise, to my knowledge, examination and appraisal of George's critics have been confined to incidental passages and to articles occasioned by individual attacks.

This book does not, of course, purport to be exhaustive. In view of the vast bulk of the literature on George, such would be neither feasible nor desirable. It does strive, however, to cover all of the most significant critiques, except for those by Spencer and Argyll. To these latter, George's replies, both of them substantial, are still in print and readily available.⁹ Although I have attempted to research the entire literature in English and the other major European tongues except for Russian, some works were not available to me, while others may well have escaped my notice.

II

I have used an editor's discretion in deciding what constitutes a "significant" critique, and my judgments in this respect may to some students appear arbitrary in various instances. They have been guided by such criteria as originality, subtlety, influence, brilliance of organization and expression, and, in at least one case (Alcázar), sheer length. Of necessity there will be a certain amount of overlapping, because many of the same arguments, or approximations thereof, have been employed by more than one critic. When an argument was first advanced in germinal form by a writer who did not essay a sustained critique of George, I have tried to see to it that it is presented and evaluated in its most developed manifestation, with indication given as to its original source.

There are a number of critiques that might, for one reason or another, have arguably justified consideration in these pages, but that I have not included. Let me mention some of these, together with my reasons for their omission:

In 1881 and 1882 *Progress and Poverty* was the subject of review in three learned German periodicals by Adolf Wagner (*Zeitschrift für die Gesamte Staatswissenschaft* [Tübingen] 37 [1881]: 619-24), E. Heitz (*Jahrbucher für Nationalökonomie und Statistik* [Jena] 4 [1882]: 120-26), and Gustav Schmoller (*Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft* [Leipzig] 6 [1882]: 354-59), respectively. Wagner and Schmoller, in particular, were famous and influential scholars, but each review is but six pages in length—substantial enough as an expression of the medium but too brief to be classed as a critique for purposes of this study.

Viewed solely from the standpoint of their author's eminence, the essays by

William Graham Sumner that appeared in *Harper's Weekly* during the early months of 1883, and that were gathered and reprinted under the title *What Social Classes Owe to Each Other*, would surely warrant treatment. Yet it is only in the loosest sense that they may be considered a critique of George, for although a few passages suggest that Sumner bore *Progress and Poverty* in mind, the essays deal sweepingly with broad social issues, touching in only the most general way upon some elementary premises of George's system without ever naming him or any of his writings. (Two years earlier Sumner had specifically reviewed *Progress and Poverty* in an unsigned editorial in *Scribner's Monthly*, but it was only a page in length and consisted wholly of unsupported ridicule.) Although this series gave rise to a rival one by George in *Frank Leslie's Illustrated Newspaper* (collected and republished with additional material as *Social Problems*), it was, as Barker puts it, "a competitive venture, not a controversy."¹⁰

The pamphlet review of *Progress and Poverty* by that "fine old crusted Tory" Lord Bramwell¹¹ went into seven editions from 1883 through 1895, hence one may assume that the Liberty and Property Defense League, under whose imprint it appeared, must have considered it an unusually effective attack. But, although vigorously written, it is a relatively trivial piece of work; its fifteen pages focus mainly upon a small number of passages in isolation from their context, and demonstrate a decidedly less than perfect understanding of George's argument.

Altogether different in tone is the thirty-page scholarly discussion devoted chiefly to George's theory by the distinguished French economist Charles Gide.¹² So fairly and even persuasively does he elucidate the strengths of George's thesis that one almost expects him to conclude with an unequivocal endorsement. Yet he rejects it, for reasons that he states in a surprisingly cursory, almost offhand fashion, recommending instead a trial of the scheme of land reform advocated by the Belgian socialist Baron de Colins. Gide concedes on the one hand that land is an especially appropriate subject for taxation, yet claims on the other that the problem of separating land values from improvement values is insoluble—a contention denied by many experts, Kenneth Back being a recent example.¹³ To Gide probably belongs the dubious honor of having been the first to argue that if the state were to confiscate through taxation the unearned increment of land, it would be unjust if it did not also indemnify landowners when land decreased in value. Commenting on the same objection as put by other critics, Charles F. Collier remarks that under the existing system, although the tax liability of one who suffers financial reverses may decrease, "there is no tax which reimburses people for loss of income. . . . It is surely misleading, if not unfair, to single out one tax for criticism based on a property shared by all alternative taxes."¹⁴

The two lectures on George given in 1883 at St. Andrews Hall, London, by Arnold Toynbee, Oxford economist and eponymous uncle of the noted historian, represented Toynbee's last intellectual effort. In the words of one who heard them, they betrayed "unmistakeable signs of nervous exhaustion and physical collapse";¹⁵ a few weeks after their delivery the speaker died at the early age of thirty-one, without having had an opportunity to check or revise the shorthand transcript of them. Their criticisms, which are complicated and difficult to follow, center upon alleged inconsistencies in George's

wage theory. According to Philip Wicksteed, who was also present, Toynbee's concessions were "large and significant."¹⁶ His objections are subjected to friendly but unfavorable analysis by H. Llewelyn Davies in an article¹⁷ that appeared soon after the republication (as an appendix to the 1894 edition of Toynbee's famous *Lectures on the Industrial Revolution*) of the transcript.

Arthur Crump, in a thirty-two page onslaught ominously entitled *An Exposure of the Pretensions of Mr. Henry George*,¹⁸ upon examining the first three books of *Progress and Poverty*, finds them such a "confused mass of inconsistencies, contradictions, fallacies, and absurdities" that he concludes that it would be a waste of time to bother with the other seven. This effusion is utterly splenetic, and the reliability of its interpretation of George may be judged by the fact that it upbraids him for "preaching against capitalists," which, of course, he never did.

In 1884, the same year as Crump's attack, Isaac B. Cooke published *Progress and Poverty: A Reply to Mr. George*.¹⁹ This twenty-two page pamphlet is characterized by a courteous, dignified tenor that contrasts pleasantly with Crump's shrillness. Cooke begins by accepting George's contention that poverty has accompanied progress, and calls the problem "one of surpassing importance, worthy of our deepest study." Yet the last half of his work is almost wholly devoted to denying the existence of the problem that he had earlier declared to be so vital. Some of his arguments are complacent in the highest degree. For example, he holds that "the simple difference between those who habitually spend less than and those who habitually spend all that they earn, will account for most of the discrepancy between luxury and squalor"; that insofar as the increase of wealth in Britain did not diminish pauperism, it was because of the free choice of the people, who, though they "had the opportunity of improvement, . . . preferred the increase of numbers to improvement in condition"; and that laborers need only "raise themselves to the rank of capitalists" in order to be "enabled to form eligible terms of co-partnership in the undertakings in which they obtain employment. . . ." He also holds that even if the entire yield of all production came to landlords in the form of rent, most of it, being perishable, could not be stored indefinitely and would have to be distributed in exchange for labor, and that, in fact, "in ordinary circumstances, the shares appropriated to rent and interest are eventually distributed almost wholly as wages." He misconceives George as defining wages only as the share of production received by the agricultural laborer, so that "the mechanics and artisan classes are left without provision"—a notion that has no basis in any of George's writings. Cooke does venture two more promising lines of criticism: The first is that human labor can create nothing, but can only modify natural materials. Hence George's doctrine, strictly interpreted, cannot justify the ownership of *anything*. (Curiously, Murray Rothbard uses essentially the same argument to justify the ownership of *everything* to which labor has been applied, including land.²⁰) The second is that land ownership is not properly stigmatized as monopolistic so long as land is available for purchase in the open market. These ideas, however, are merely thrown out in passing. Had they been adequately developed, Cooke's critique might have been of genuine importance.

More worthy of consideration, if for no other reason than that its author eventually came to occupy the highest office in the British government, is a

little-known paper by Arthur J. Balfour, then a mere M.P., presented at the London Industrial Remuneration Conference of 1885, and carried in the report of its proceedings published the same year. Entitled "Land, Land Reformers, and the Nation," this work includes nine pages of scathing attack on George's reasoning, some important subtleties of which, however, Balfour appears to have overlooked (perhaps deliberately for forensic reasons). Thus he scores George for inconsistency in holding that the return given by nature to capital over and above that which accrues to the labor expended in its use or exchange, may be with justice privately appropriated, while that given to land may not—a reproach that ignores the key points: (a) that capital, unlike land, is produced by labor; (b) that the private appropriation of its yield does not represent a toll upon access to natural opportunity; and (c) that, according to George, the added return arising from the active powers of nature in certain modes of production is equalized to capital in all modes. One of Balfour's most sarcastic arguments is that the full application of George's principles would extinguish any right to property acquired by the sale of land. "The receiver of stolen goods clearly should not be allowed to retain the wealth which he enjoys only through having passed on those goods to somebody else." He evidently did not know that four years previously George had anticipated and rebutted this attempt at *reductio ad absurdum* in "The Great-Great Grandson of Captain Kidd," a chapter of *The Irish Land Question*.

Also included in the annals of the conference is "Social Remedies," a paper by Frederic Harrison,* a prolific litterateur and leader of the London Society of Positivists. In 1908 it was reprinted by Macmillan of New York in *National and Social Problems*, a collection of Harrison's essays. While expressing strong appreciation of George's powers as a critic of the status quo, and while sympathetic to the idea of taxing land values more heavily, the author rejects George's "pretended panacea" as "chimerical and futile." As with Balfour's argument just cited, much of his gravamen was anticipated and dealt with in "The Great-Great Grandson of Captain Kidd." Otherwise his main objection seems to be either that George contemplated the confiscation of improved and not just "prairie" land values, or that the prairie value of land, at least in Britain, would be seriously inadequate as a basis for taxation. His illustrations are limited to farms, and he evidently assumes that all improvements that "merge with the soil" are attributable to landowners' outlays.

In 1884 George's own British publisher, Kegan Paul, brought out *The Nationalisation of Land*, an expanded version of a twenty-three-page article in the *Contemporary Review* the previous year by Samuel Smith. Because of the misconception signaled by the title, much of Smith's criticism has little bearing on what George actually proposed. Somewhat incongruously, after roundly condemning what he takes to be George's program, this Liberal M.P. concedes that "property in land ought not to be as absolute as property in chattels," and deplores the granting away of vast tracts to speculators in the New World, and the garnering of unearned increments by suburban landowners in the Old.

Next to be noted is *Progress and Robbery*,²¹ an elaborate (seventy-page) but superficial assault by J. Bleeker Miller, consisting largely of three speeches

*Not to be confused with Fred Harrison, the contributor to this volume.

delivered on behalf of the Tammany opposition during George's New York mayoralty campaign of 1886. It accuses George of having borrowed, without attribution, his ideas from Considérant and his phraseology from Proudhon, and labels him a "demi-communist," while (one observes with amazement) paying respectful compliments to Lassalle and Marx. Small wonder that of this work Barker remarks that "there is little, indeed, to be said about quality."²²

In 1887 Charles H. Kerr & Company, the Chicago firm that has since come to be identified with Marxist publications, brought out *Progress from Poverty: Review and Criticism of Henry George's "Progress and Poverty" and "Protection or Free Trade"*, a work that, far from being Marxist, was not even reformist in character. The author was one Giles Badger Stebbins, and it ran to sixty-four pages, but they were of less than duodecimo size. This book contains numerous misrepresentations, holding, for example, that George advocated land nationalization, denied property rights in improvements, excluded brainwork from his definition of labor, apologized for chattel slavery, and sought "to make the laborer the master and monarch over the capitalist." It also advances the erroneous idea that taxes on land are shifted to the tenant. For the rest, it consists mainly of paraphrases and extracts from other critics, especially George Basil Dixwell.

The same year saw the publication by Hill and Harvey, a Baltimore firm, of a rambling indictment of the "socialism" of Henry George and Herbert Spencer(!)—*Ownership and Natural Right*, by R. P. I. Holaind, S.J., a professor at Woodstock College. This feeble work of 176 pages, prefaced by an effusive letter of commendation from Archbishop Corrigan of New York (George's adversary in the McGlynn affair) amounts to little more than a pastiche of extracts from Roman and canon law as well as from more modern sources—in some cases (e.g., Locke) selected in such a way as to give a distorted impression. It is worth mentioning here only because it was, for some reason I cannot fathom, regarded as sufficiently important to warrant a French edition, *Le Socialisme américain. La Propriété et le droit naturel* (Paris and Brussels, 1900), which is the only edition listed in most catalogues. Interestingly, although French was Holaind's native tongue, the translation was done by one Edmond J. P. Buron.

Alluring Absurdities: Fallacies of Henry George was the work of M. W. Meagher, published by the American News Company, New York, in 1889. One hundred and ninety-three pages in length, this book is devoted largely to a minute critical analysis of selected passages by George, and manages to score a number of debater's points against him, which is scarcely surprising since its author was founder of the National Debating Association, with offices at Cooper Union. These points are, however, for the most part fairly trivial, and some even puerile in their superficiality. Meagher delights in exposing petty contradictions and imperfect analogies (often taken out of context), but nowhere does he really come to grips with George's central arguments. The book exhibits some of the more unpleasant characteristics of the forensic approach: captious logic-chopping and a tone of arrogant pomposity.

The March 1892 issue of the *Annals of the American Academy of Political and Social Science* carried "The Basis of Interest: A Criticism of the Solution Offered by Mr. Henry George." It was the product of Dwight M. Lowrey,

who found George's doctrine of interest "little more than a tissue of fallacies," while acclaiming George as "*facile princeps* among all American economists" in almost every other area of economic analysis. Were it not for the restricted nature of its topic and for the fact that it undertakes to overthrow a theory that few have ventured to defend, this keenly argued paper would warrant more than a mere notice here.

An unlikely parallel is drawn by Arthur Kitson in his "Criticism of Henry George's Single Tax Theory" (*American Journal of Politics*, October 1894) between George and the arch-protectionist, William McKinley, on the grounds that both advocated the use of taxation (quite apart from the revenue produced therefrom) to effect "socialistic" remedies for economic ills. Like R. C. Rutherford (to whose more sizable attack Collier has devoted chapter 15 in the present work), Kitson cites chapter and verse of *Progress and Poverty* to try to show that it is self-refuting. His chief argument is that if a man has, as George contends, a right to the full product of his labor, it is just as unjust for him to have to pay rent to the community for the use of land as to a private owner. Kitson was answered by three writers in the course of the following year. The first, Isaac Feinberg, admitted inconsistencies in George, but claimed that they did not invalidate the merits of the single-tax idea. The second, R. W. Joslyn, agreed with many of Kitson's criticisms, but applauded the single tax (perhaps with tongue in cheek) because he imagined that it would do away with all sale and rental of lands. The last, George Bernard, defended George against Kitson's charge of inconsistency, citing a passage in *Progress and Poverty*²³ to demonstrate that George had anticipated and disposed of the principal chain of reasoning on which the charge was based.²⁴

Fred Harrison, in a note to his chapter 14 on Marxist critics of George in the present book, expresses chagrin that he was unable to examine and discuss Algie M. Simons's *Single Tax vs. Socialism* (Chicago: Charles H. Kerr & Company, 1899), for it is considered by Geiger to be among the most effective presentations of the Marxist position on the subject. (Simons was editor of the *International Socialist Review*.) After protracted searching, I finally located (at the Walter Reuther Library at Wayne State University) a copy of this scarce work sturdy enough to allow duplication. Perusal of it left me mystified as to the basis for Geiger's evaluation, and convinced that Harrison need have wasted no regrets over the book's unavailability to him. Save for its plain language and clear organization, this twenty-nine-page screed has little to commend it, for almost its whole argument rests upon such Marxist dogmas as the dialectic and the class struggle, which are simply asserted without so much as an attempt at proof. Simons ridicules the Georgist "landophobia," as he calls it, holding that inasmuch as land has been long since surpassed by capital as the dominant factor in production, "to insist on again raising it to prominence is to advocate the relapse to barbarism." The coming fundamental social change, he pronounces, will be the seizure of capital by the workers when, in the fullness of time, the capitalist system has ripened to the point of rotteness. Unfortunately for the cogency of this thesis, Marxism has never yet come to power in an advanced capitalist society, but only in places where the paramount feature of the economy was the concentration of land ownership in the hands of a small segment of the population.

In 1900 there appeared *Taxation of Land Values and the Single Tax*

(Glasgow: James MacLehose and Sons, 1900), a slim book by that British popularizer of the Austrian school of economics, William Smart, professor of political economy at the University of Glasgow. As admitted in the preface, this work "does not profess to be a contribution to economic science," and only the last twenty-seven pages of it deal specifically with George's doctrine. The rest is primarily taken up with the hostile evaluation of two concrete proposals for legislation (the London County Council Resolutions, and the Glasgow Land Value Assessment Bill), Smart's analyses of which have to do largely with complicated peculiarities of English and Scottish land tenure. The author speaks from the standpoint of the "equal sacrifice" theory of taxation and condemns George's proposal as confiscatory.

"The Economics of Henry George's 'Progress and Poverty,'" by Edgar H. Johnson, was published in the *Journal of Political Economy*, November 1910. After twenty pages of highly technical analysis accusing George of inconsistency, special pleading, and inattention to empirical facts, this critic concludes by acknowledging the truth of three of the most salient Georgist principles: that land is the gift of nature rather than the product of human toil; that its value is owing to the activities of the community rather than of the owner; and that a tax upon it is not, generally speaking, a burden on industry.

In 1912 one E. B. Silvers brought out in Kansas City a 105-page broadside, *Single Tax A Fallacy: a Refutation of the Theory of Single Taxation as Announced by Henry George*. It was evidently published by himself. Most of its criticisms are the standard ones, but it deserves a reference because of its ingenious argument that since, according to George, wages and interest are determined at the margin, the single tax, by leaving the landowner only that portion of his product classifiable as wages and interest, would condemn him to a marginal existence. Thus he would have no inducement to make his land produce more than a bare living. For all his recurrent emphasis upon the margin, Silvers does not seem to understand its functional role in George's system, nor to take account of any of the qualifications or subtleties in George's treatment of it. He simply introduces it mechanically, oblivious to context, whenever he feels inclined to deal a particularly devastating blow.

A ripple of attention was attracted by Alvin S. Johnson's "The Case Against the Single Tax," which appeared in the *Atlantic Monthly* of January 1914 as one in a series of three articles on the subject of the Henry George plan. Johnson contended that the lure of unearned increment is essential to development (a notion readily susceptible of empirical refutation), and that the main burden of the plan would fall upon the middle class (as if, even if this were so, the same is not notoriously true of our existing system). Although ably formulated and thus not without surface plausibility, the piece is far too slight (ten pages) to constitute a very thoroughgoing critique. Several pages are devoted to the refutation of Johnson's article by Charles B. Fillebrown in *The Principles of Natural Taxation*.²⁵

The first decade and a half of this century witnessed a series of unsuccessful campaigns in Washington and Oregon to introduce by ballot various approaches to the single tax. A Seattle newspaper editor, Charles H. Shields, rose to the fore as leader of the opposition. By 1914 his *Single Tax Exposed* (published by The Trade Register, Inc., Seattle) had gone into seven editions and reached 190 pages. Forcefully written but surprisingly free of ad

hominems, this polemic had great impact in bringing about the defeat of Georgist measures in 1912 and 1914. However, its argument rests to a large extent upon the false assumptions that the single tax would destroy *all*, not merely speculative, land values; that George anticipated that under his system land titles would revert to the government; and that land monopoly is a problem peculiar only to agrarian society. The latter part of the book is devoted to showing that the spectacular development of Western Canada immediately after 1910, which Georgist propaganda had attributed to the exemption of improvements from taxation, was really owing to other causes, and had, in any case, come to a halt. While Shields was correct in faulting single taxers for having used the Western Canadian boom to illustrate the efficacy of their program, by the same token, the recession that followed it cannot be cited to demonstrate the program's failure. For, as he himself observes, although improvements were indeed exempted, land-value taxes were kept even lower than in most cities below the border.

The Fallacies of Henry George, reprinted from *The Malthusian* by the Malthusian League, London, around 1922, and written by its president, Dr. C. V. Drysdale, represents the sort of tendentious approach that one might expect from such a source. Drysdale seeks not only to refute George's attack upon Malthusianism, but also to resuscitate, long after its abandonment by John Stuart Mill, the theory of the wages-fund, erroneously assuming that George, because of his opposition to this theory, regarded the capitalist as an exploiter of labor. Drysdale's argument (which runs to forty-two pages) is persuasively expressed, but contains little that had not been said before.

The year 1922 also saw Mario de Tezanos Pinto issue his 351-page volume *El impuesto unico y la exención de impuesto a las mejoras: Exposición y crítica del georgismo y de las doctrinas que lo fundamentan*, brought out by Pedro García of Buenos Aires. This massive work is sympathetic to several aspects of Georgism, especially the untaxing of improvements, and advocates a substantially higher tax on land values. But the author (who held a doctorate in law and social sciences) takes issue with many of George's arguments. Most of his criticisms, however, are secondhand. Part of the book is devoted to problems of applicability in Argentina, and particularly in Buenos Aires Province, where a Georgist political party was then campaigning with considerable temporary success.

Hugh Wheeler Sanford, a Knoxville ironworks owner, devoted part of the first volume of his book *The Business of Life: Economics for Business Men* (New York: Oxford University Press, 1924) to an unfavorable examination of George's theory of rent. Because Sanford used nonstandard terminology, his critique gives the appearance of being more original than it actually was; one of his main arguments goes back at least as far as Isaac Cooke.

Influential economists such as Henry Fawcett, Frank Fetter, M. Slade Kendrick, Henry Rogers Seager, Frank Taussig, and many others gave brief critical attention to George, often in textbooks; their comments are succinctly reviewed in Steven Cord's useful *Henry George: Dreamer or Realist?*

There are numerous other works that could be included in this catalogue if space permitted. But before moving on to another topic, I do wish to indicate my personal regret that it was not deemed advisable to devote a chapter to *Progress and Poverty Reviewed, and Its Fallacies Exposed*, by my late friend

Spencer Heath,²⁶ whom I remember with esteem, and who would have welcomed even a harsh examination of his views. Since Heath's ideas have achieved currency only to the extent that they are reflected in the work of Murray Rothbard, I felt that they could more appropriately be considered briefly in the context of chapter 25 below, primarily devoted to Rothbard.

III

In the eighteen years of life remaining to George after the completion of *Progress and Poverty*, he delivered himself of seven other substantial literary efforts: *The Irish Land Question* (1881), *Social Problems* (1883), "The 'Reduction to Iniquity'" (which first appeared as an article in *The Nineteenth Century* in 1884), *Protection or Free Trade* (1886), *The Condition of Labor*, *an Open Letter to Pope Leo XIII* (1891), *A Perplexed Philosopher* (1892), and the unfinished *Science of Political Economy* (posthumously published in 1898). In these other works the ideas of *Progress and Poverty* are supplemented, approached from somewhat different angles, and accorded varying emphases, but never appreciably altered.²⁷ It remains his chief d'oeuvre. In it, Geiger remarks, his economic thoughts "reached their highest development,"²⁸ and in it his philosophy finds its most complete and systematic expression. According to Jacob Oser it "probably had the greatest circulation of any non-fiction book in the English language before 1900 except for the Bible."²⁹ Understandably, therefore, it is upon this work that most of the critiques of George's doctrine are focused, the more so inasmuch as it was through it that the doctrine first gained worldwide notice and attracted critical comment. That a like emphasis should be exhibited by the present volume is thus not to be explained merely by a wish to commemorate the centenary.

Few, if any, of George's ideas had not been advanced by earlier thinkers, although he arrived at his fundamental thesis independently.³⁰ He disclaimed novelty for his beliefs, averring that "social truth never is, never can be new. . . ."³¹ Never before, however, had these beliefs been brought together in such a powerful synthesis nor stated so impressively. In the words of one of his more enlightened critics, "The sublimity his transformations impart to the commonest doctrines remind one that the accusation of plagiarism was brought against Handel,"³² a comment endorsed by Geiger as "probably the best statement of this whole matter of the precise degree of George's originality."³³

Without being dogmatic "true believers," the authors of the ensuing chapters are all sympathetic, more or less, to George's contribution. No apology need be made for this; since his most ardent current antagonist has acknowledged "great respect for many aspects of Henry George,"³⁴ it would be today a singularly narrow and ignorant commentator who could not find something to appreciate in the sweep and richness of his thought. No attempt has been made to impose uniformity of viewpoint upon the contributors to this volume, and the attentive reader will descry some points of disagreement among them. They have approached their topics in the spirit that George himself commended when, at the outset of his great essay, he declared: "I propose to beg no question, to shrink from no conclusion, but to follow truth

wherever it may lead."¹ Neither has there been any effort to impose uniformity of style. For example, the method of subdividing chapters has been left up to each individual contributor, and the British spellings (e.g. "Georgeist") of Douglas and Harrison have been retained.

A few words in defense of the format of this volume may be in order. Had the study been intended simply as a typological analysis of the various possible arguments against George, it would have lent itself to topical arrangement. But since it was meant to be an evaluative review of arguments that have, in fact, been historically advanced by specific critics, a topical arrangement would have had the disadvantage of failing to convey the structural pattern of each man's overall critique. Feeling that understanding often suffers when an argument is lifted from its matrix in a person's thought, I decided to eschew the topical approach as prone, in this context, to be artificial and misleading. Attempts to organize the chapters under ideological headings fell foul of the fact that some critics overlap ideological categories while others argue on technical grounds that do not admit of ideological classification. It therefore seemed advisable to adopt the chronological-geographical format revealed in the table of contents. If the reader is disconcerted to find Hyndman, Marx, and Engels discussed in a chapter listed under the heading of "American Critics," the answer is that it was logical to treat them in connection with Gronlund, whose two tracts against George represent the most considerable Marxist effort to refute him. (Although Danish-born, Gronlund was a naturalized citizen of the United States, and his attack was deliberately geared to distinctively American considerations.) As for authors such as Seligman, whose criticisms of George continued well into the twentieth century, and Ely and Davenport, whose began in the nineteenth, their placement has been determined by the dates of their most extensive writings on the subject.

The concluding chapter is not meant to be a summary, but is rather an expression of my own views as to the necessary modifications, current relevance, and future prospects of the doctrine that is the subject of this work. Although it in some measure reflects the judgments of my contributors, it does not presume to speak for them, and any faults it contains are my responsibility alone.

Notes

1. Count Leo Tolstoy, "A Great Iniquity," *The Public* (Chicago), 19 August 1905, p. 18. Reprinted from the *London Times*, 1 August 1905.
2. This assertion is documented in a painstaking survey by Steven B. Cord, *Henry George: Dreamer or Realist?* (Philadelphia: University of Pennsylvania Press, 1965). See especially pp. 171-80 and 186-91.
3. *Ibid.*, p. 243.
4. For Tolstoy, see above, n. 1. For Sun Yat-sen, see his interview with American journalists as reported in *The Public* (Chicago), 12 April 1912, p. 349, in which he is quoted as saying: "The teachings of your single-taxer, Henry George, will be the basis of our program of reform." For Nicholas Murray Butler, see his 1931 commencement address at Columbia University, printed under the auspices of the office of the secretary of the university (New York, 1931). For John Dewey, see the following statement from his "An Appreciation of Henry George," the introduction to *Significant Paragraphs from Progress and Poverty*, edited by Harry Gunnison Brown (New York: Robert Schalkenbach Foundation, 1929): "His is one of the great names among the world's

social philosophers. It would require less than the fingers of the two hands to enumerate those who from Plato down rank with him. . . . No man, no graduate of a higher educational institution, has a right to regard himself as an educated man in social thought unless he has some first-hand acquaintance with the theoretical contribution of this great American thinker."

5. The word *almost* should be noted. J. Bleeker Miller and Arthur Crump (whose works are briefly characterized later in this introduction) make George out to be a plagiarist and a charlatan, respectively. The charge of plagiarism is also brought by George's disgruntled associate, James L. Sullivan, in "Ideo-Kleptomania, the Case of Henry George," *Twentieth Century*, 10 October 1889, and by Alexander del Mar in his *Science of Money* (London: G. Bell and Sons, 1885), pp. 98-99 n.

For tributes from four of George's unequivocal opponents, see Edward Atkinson, "A Single Tax on Land," *Nineteenth Century*, July 1890, p. 394; John Bates Clark, *Distribution of Wealth* (New York: Macmillan, 1899), p. viii; Richard T. Ely, *The Labor Movement in America* (New York: Macmillan, 1886), p. 126; and Francis A. Walker, "The Tide of Economic Thought," *Publications of the American Economic Association* 6 (1891): 20.

6. George's work on Spencer, *A Perplexed Philosopher*, first published in 1892, runs to 276 pages in the Robert Schalkenbach Foundation edition of 1946. His reply to the Duke of Argyll, "The Reduction to Iniquity," originally appeared in *Nineteenth Century*, July 1884. It is included, together with the Duke's arraignment and two other essays by George, in *The Land Question* [and Other Essays] (New York: Robert Schalkenbach Foundation, 1953). His reply to Atkinson was carried, along with Atkinson's fullest critique, in *Century Illustrated Monthly Magazine* 40 (July 1890): 385-403.

7. Thomas Shearman's article, "Henry George's Mistakes," *Forum* 8 (1889): 40-52, dealt with criticisms advanced by the Duke of Argyll, W. H. Mallock, Abram Hewitt, Edward Atkinson and W. T. Harris. The objections of E. R. A. Seligman are among those treated in Shearman's *Natural Taxation* (New York: Doubleday and McClure, 1888).

8. Max Hirsch, *Democracy versus Socialism*, 4th ed. (New York: Robert Schalkenbach Foundation, 1948). The chapters on Atkinson and Walker are pt. 5, chaps. 6 and 7, respectively. The shorter discussions are found in pt. 5, chaps. 2, 4, and 5. *Democracy versus Socialism* first appeared in 1901.

9. See n. 6.
10. Charles Albro Barker, *Henry George* (New York: Oxford University Press, 1955), p. 426.
11. George William Wilshire, 1st Baron Bromwell, *Nationalisation of Land: A Review of Mr. Henry George's "Progress & Poverty"* (London).
12. Charles Gide, "De quelques nouvelles doctrines sur la propriété foncière," *Journal des Économistes*, 4th ser., 22 (1883): 169-99.
13. Kenneth Back, "Land Value Taxation in Light of Current Assessment Theory and Practice," in D. M. Holland, ed., *The Assessment of Land Value* (Madison, Wis.: University of Wisconsin Press, 1970).
14. Charles F. Collier, "Henry George's System of Economics: Analysis and Criticism," Ph. D. Dissertation, Duke University, 1976, p. 215. Collier is here directly addressing a statement by Thames Williamson, but he mentions it as typical of a line of argument also set forth by Francis A. Walker, Henry Fawcett, Robert Flint, Arthur T. Hadley, Roland R. Renne, and Richard T. Ely (with George R. Wicker).
15. H. Llewelyn Davies, "Arnold Toynbee and Henry George," *Free Review* (London) 4 (1895): 34. The lectures of George were first published by K. Paul, Trench & Co., 1883.
16. Philip Wicksteed in a letter to Henry George, 4 February 1883. Cited by Barker, *Henry George*, p. 392.
17. See n. 15.
18. Arthur Crump, *An Exposure of the Pretensions of Mr. Henry George, as Set Forth in his Book "Progress and Poverty"* (London: Effingham Wilson, 1884).
19. Isaac B. Cooke, *Progress and Poverty: A Reply to Mr. George* (Liverpool: Young, 1884).
20. See Murray Rothbard, *For a New Liberty* (New York: Macmillan, 1973), p. 34.
21. J. Bleeker Miller, *Progress and Robbery and Progress and Justice. An Answer to Henry George the Demi-Communist* (New York: Baker & Taylor, 1887).

22. Barker, *Henry George*, p. 554.
23. Henry George, *Progress and Poverty*, 75th anniversary ed. (New York: Robert Schalkenbach Foundation, 1954), p. 343.
24. The replies by Feinberg, Joslyn, and Bernard appeared in 6: 1-12 and 312-16, and 7: 425-39, respectively, of the *American Magazine of Civics*, successor to the *American Journal of Politics*.
25. Charles B. Fillebrown, *The Principles of Natural Taxation* (Chicago: A. C. McClurg, 1917), pp. 201-7.
26. Spencer Heath, *Progress and Poverty Reviewed, and Its Fallacies Exposed* (Baltimore, Md.: Science of Society Foundation, 1952).
27. See Henry George, *The Science of Political Economy* (1897; reprint ed. New York: Robert Schalkenbach Foundation, 1962), p. 203.
28. George Raymond Geiger, *The Philosophy of Henry George* (New York: Macmillan, 1933), p. 81 n.
29. Jacob Oser, *Henry George* (New York: Twayne Publishers, 1974), p. 68.
30. See Samuel Milliken, "Forerunners of Henry George," *Single Tax Year Book*, Joseph Dana Miller, ed. (New York: Single Tax Review Publishing Co., 1917), pp. 306-43; Arthur Nichols Young, *The Single Tax Movement in the United States* (Princeton, N.J.: Princeton University Press, 1916), chap. 1; and Geiger, *The Philosophy of Henry George*, chap. 4.
31. In his reply to an oral criticism at Oxford by Alfred Marshall. See Anna George de Mille, *Henry George: Citizen of the World*, Don C. Shoemaker, ed. (Chapel Hill, N.C.: University of North Carolina Press, 1950), p. 130.
32. Robert Scott Moffat, *Mr. Henry George the "Orthodox"* (London: Remington & Co., 1885), p. 5.
33. Geiger, *The Philosophy of Henry George*, p. 213 n.
34. Murray N. Rothbard, *A Reply to Georgist Criticisms* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, July 1957), p. 3.
35. George, *Progress and Poverty*, p. 13.

The Essential Henry George

BY LOUIS WASSERMAN

I agreed to undertake this assignment from motives practical and pedagogical, though not entirely without a touch of sentiment. There was an occasion in my undergraduate days when my academic progress depended upon a forty-minute report concerning an American philosopher. Through one of those fortuities which illumine the paths of even the dull-witted, I stumbled upon Henry George. Thereupon, as I remember, lights shone and bells rang. I proceeded to make myself the advocate of the single tax, and—since no one in class had heard of it before—my report was a resounding success. That was in the 1930s, and I have learned since how to temper my enthusiasms and moderate my aims. But such moments of discovery are to be treasured; they come far too seldom in academic life. Perhaps, then, the following summary of *Progress and Poverty* may serve to shine a light or to ring a bell for some student of this present generation.

It was the role of land in society that constituted the massive preoccupation of Henry George, and the fact that the publication of his major work in 1879 generated sympathetic rumblings throughout much of the world indicated that he had touched upon a fundamental theme of political economy. It is strange, then, that the subject of land economics, particularly in its theoretical aspects, receives such scant attention at present. Perhaps this is because of the inertia that attends upon a long-institutionalized social arrangement, as differentiated from the otherwise fluid elements of an industrial economy. But it may also be that economists have simply neglected that which seemed to George of such paramount concern: the relationship of land rent to fiscal policy and the impact of both upon industrial development, income distribution, urban growth, and the like.

The land, according to both Genesis and geology, preceded the advent of man into the world, and there is no doubt that landed wealth has enjoyed a more persistent history than any other form. Even today, when a sophisticated economics has transmuted every kind of wealth into some variety of liquid capital, the land has continued to play its unique role. It is the very assumption upon which human existence is based, and the taken-for-granted foundation of all productive activity; it can be modified by man, but not created or destroyed except in tiny patches, and its essential qualities are impervious to either boom or depression.

If—as the dictum prescribes—a book should be so written that its message can be presented in a single sentence, the argument of *Progress and Poverty* might be stated thus: that the natural land ought everywhere to be regarded as a community, rather than as a private resource and that its rental value should accordingly be recaptured as public revenue by the community, thereby eliminating the need of any taxes upon productive enterprise.

It is by no means adventitious that this statement combines an ethical proposition with an economic prescription. Henry George was primarily a social philosopher (the greatest this country has had, according to John Dewey) rather than a professional economist. But it was precisely the core of his conviction that the two realms of man's life, the moral and the material, must be brought into harmony. If men are degraded by the conditions of their labor, if their wages can buy no more than animal existence, or if some part of their effort is appropriated by nonproducers, then how, George asks, can such an economic system accord with either natural or human justice? He is confident that it is possible to find rational, and therefore just, principles that can be made to govern the production and distribution of wealth in society.

It is the search for such economic principles that George undertakes in his *Progress and Poverty*. In the course of nearly six hundred pages he makes an exhaustive analysis of the principal economic categories of his time: wealth, value, labor, capital, interest, and land. His writing, it may be observed, shows evidence not only of an immense erudition but of an uncommon capacity for inductive observation and creative synthesis. His emphasis on the role of land resources in wealth production was not original—it had been formulated often since biblical days—but he gave to that theme perhaps its definitive statement. It would be difficult to discuss any aspect of land and its treatment today without touching upon the issues he raised.

The "sovereign remedy" that George proposed as the way to end poverty was to shift the entire burden of taxation from the products of labor and capital to the socially created rental value of land. Such a simplistic scheme was bound to repel many sober minds, and this fact doubtless contributed to consigning George's writings to near oblivion in economic circles. If so, it was an untimely fate. The full single tax is not a serious fiscal proposal today, if only because there are no political prospects for its adoption anywhere on a national scale. But George's central principle—that the incidence of taxation should bear on the value of land rather than upon productive enterprise and improvements—remains a lively issue of fiscal reform. Under the generic title of "land-value taxation" this principle has received wide application in such forms as the following: taxation of the land at a higher rate than the improvements thereon; full or partial exemption of improvements, the lost revenue being made up by an increased levy on the land; a surtax on absentee land-ownership; and, in the effort to reduce speculation, a high rate of tax on the profits derived from land sales. Such practices are common in Australia and New Zealand, with scattered local applications to be found in Western Canada, the Union of South Africa, and elsewhere.¹ Denmark provides generous exemptions on improvements, offsetting this by both a higher rate on the land and a national tax on the increment of land values.

In the United States the common practice is to include a tax on the raw land as a component of the general property tax, which otherwise bears most heavily

ly on improvements. Beyond this there is a scattering of "single-tax" enclaves in Delaware, New Jersey, and Alabama, and in the irrigation districts of California, as well as the graded tax plans of Pittsburgh and Scranton, Pennsylvania. A series of campaigns to enact land-value measures in several states of the Union during the first two decades of this century failed of success. Yet the movement to effect tax reform along some such lines continues to show an enduring vitality—nourished, at bottom, by the twin irritants of rising land costs and onerous taxes on production. What is typically sought by land-value taxers today is a modest advance along Georgist lines, such as the enactment of local option laws, which would enable municipalities to free from taxation some or all of the value of improvements by transferring the tax to the unimproved value of the land.

The statement of George's doctrine that follows will focus primarily upon that which distinguishes his work and which remains of contemporary interest—that is, his contribution to land economics and fiscal policy. Those sections of *Progress and Poverty* which treat at length of classical economic theories now outmoded or of little relevance will, accordingly, be touched upon but briefly.

The Problem

George's economic analysis is set in the context of America's industrial development of the late nineteenth century. The "paradox" of that development, as he saw it, lay in the persistence of widespread poverty in the face of an unparalleled increase of wealth. The use of machine technology had expanded production, cheapened costs, and multiplied gross income; for the first time in human history the prospect of material well-being for all had come within the range of possibility. But the actual consequence, wherever industry flourished, was to enhance the contrast between rich and poor: a small class lived in ostentatious luxury while the working class survived in wretched poverty. Despite long hours of work and rising productivity, the wages of labor rose little or not at all, and it was, unaccountably, in the oldest centers of manufacturing that the worst conditions prevailed. Industrial booms periodically gave way to industrial collapse, with workers and enterprisers alike suffering from the breakdown. Was it possible that poverty must inevitably accompany technical progress, or did the explanation lie in man's faulty provisions for the production and distribution of wealth?

George examined the prevailing economic doctrines of his day, in particular the wages-fund theory and the Malthusian thesis, but he found in them no satisfactory explanation of the problem. As opposed to the former, he contended that wages are produced, not out of a preexisting fund of capital, but by the labor for which they are paid. As opposed to the latter, he sought to demonstrate that there is no warrant, either in experience or analogy, for the assumption that there is any natural tendency in population to increase faster than subsistence. Moreover, he rejected entirely the argument that there existed an inherent conflict between labor and capital, or that either the growth of industrial monopoly or an excess of competition was responsible for the persistence of poverty.

The Rewards of Production

Following the pattern laid down by the classical economists, George proceeded to identify three factors of production: the land and its resources (as natural opportunity); labor (as every form of human effort, mental as well as physical); and capital (as wealth used to produce more wealth). Among these he found labor to be the primary force; from its application to the resources of the land comes all that is tangibly produced, processed, and transported by man. Capital, though it may be identified as a separate factor of production, is actually the product of previously accomplished labor that has not been directly consumed but is stored up for further use. The forms assumed by capital are various—machinery, stocks of merchandise, warehouses, railway terminals, investment funds, and the like—but all are simply at one or more remove the products of prior human labor.

The production of goods and services, then, is wholly accomplished by the combination of labor and capital working on the land. But this third factor, the land, while it is indispensable to all human effort, is itself wholly a passive agent. The site upon which labor is performed does not engage in the process of production; it is rather the physical surface upon which human effort is enabled to move, build, mine, drill, fabricate, and harvest its products.

But what is the situation when the rewards of production come to be distributed? Although only labor and capital participate in the process, the income therefrom must be apportioned into three shares: as wages to labor, as interest to capital, and as rent to the landowner. Yet, as George repeatedly points out, the landowner, simply as owner, contributes no effort to the product; he is paid for possession alone. Just as he did not, in the first instance, create the land to which he holds title, so he takes no part in that which the farmer, enterpriser, or laborer produces upon that site. Nevertheless, under existing conditions, it is the landowner who controls access to the physical basis of production, and it is only after his claim to ground rent has been satisfied that the remainder of what has been produced goes to labor and capital.

As the cost of land rises, moreover, the tribute paid to the landowner increases, thus serving to reduce the gains that labor and capital might expect through improved technology and productivity, "...hence, no matter what be the increase in productive power, if the increase in rent keeps pace with it, neither wages nor interest can increase."² Put alternatively: only to the extent that the rate of technical progress succeeds in outstripping the rise in land values will labor and capital be able to benefit from their increased productivity.

In summary, then, George finds the clue to the persistence of poverty in the improper distribution of production income; the fault, his analysis reveals, lies in the privilege granted to landowners to share in the rewards of production without themselves having contributed to that process.

The Special Character of Land as a Factor of Production

George defines the term *land* broadly to embrace the whole of man's natural physical environment: it includes not only the cultivable soil but the solid earth

everywhere, fertile or infertile; all building sites, residential, commercial, and industrial; the natural resources of the earth, including minerals, petroleum, forests, and wildlife; the waterfronts with their natural beaches and harbors; the oceans, lakes, and rivers and all the natural goods therein; and even air space and air waves.³ (It is in this broadly conceived sense that the term *land* will accordingly be used.)

All this, as George perceives it, is the gratuitous gift of nature to mankind, and the common endowment of the community that occupies it. In its natural state the land embodies no human labor and no capital investment. Rather, it represents economic and social opportunity, the indispensable condition upon which human beings are enabled to live, to build, to manufacture the needs of life—and beyond that, to create the amenities of their civilization. George's concept of the land is ecological in character; he views it as the natural milieu in which communities exist in interrelationship with the surrounding environment, animate and inanimate. The atmosphere, sunlight, and water—like the gifts of nature—are contributing elements.

It is of the essence of George's argument to distinguish clearly between (a) the raw land, the physical endowment described above, and (b) the works of man that have been wrought upon the face of the earth. The first, be it repeated, is the common heritage, antecedent to man and provided for his benefit. But the works of man are, by contrast, the things of his own creation: the crops he has cultivated, the houses, barns, shops, theaters, office buildings, and industrial plants he has built; the railroads, mine shafts, piers, refineries, and the multitude of other goods with which he has adorned his civilization. All these products and "improvements" are the fruit of human labor, of man's mind and muscle, exerted individually or in cooperation with his fellow men. George summarizes thus the critical distinction he makes between human production and the raw land:

The essential character of the one class of things [man-made products] is that they embody labor, are brought into being by human exertion, their existence or non-existence, their increase or diminution, depending on man. The essential character of the other class of things [land] is that they do not embody labor, exist irrespective of human exertion and irrespective of man; they are the field or environment in which man finds himself, the storehouse from which his needs must be supplied, the raw material upon which and the forces with which alone his labor can act.⁴

Further, whereas human productivity is potentially unlimited, subject only to man's creative efforts, the amount of land, except for minor changes, is fixed and nonreproducible. (Technically, according to George, "made land" is not really land but wealth—and usually that form of wealth defined as capital.)

Land Value as a Social Creation

What is it that gives value to a piece of natural land? It is, George asserts, the result of the growth and development of the aggregate community. Without a population to occupy an area, to cultivate and build upon it or to utilize its products, there is no value in land; an isolated cultivator can do no

more than wrest a subsistence from it. But as the community grows and prospers, as it diversifies its functions, augments its output, widens its markets, and expands its public services, the value of the land within its jurisdiction increases. A growing population means an enhanced demand for property, whether for homes, offices, markets, oil wells, or manufacturing—thus causing land prices to rise and marginal areas to be brought into profitable use. An acre in a remote farming district might be valued at only two hundred dollars, but a plot of equal size in more populous centers would show a scale of comparative values something like this: in a nearby town, five thousand dollars; in an urban residential section twenty to fifty thousand dollars; in the same city's business center, perhaps one hundred thousand to one million dollars. The wide range of site costs within a community's borders derives from such special factors as location, use, zoning provisions, available utilities, street improvements, transportation facilities, growth expectations, and the like—but these are all aspects of the community at large, the level of its population, and the opportunities it presents for residence and livelihood.

"The value of land," George asserts, "expresses in exact and tangible form the right of the community in land held by an individual."⁷ It is the collective product of the community, to which all its constituent members have jointly contributed. The landowner, simply as legal title holder, has no control over the process of land-value creation—the acreage he owns will find its price level as surely when he is physically absent as present. (He may, of course, by speculative withholding, help to give his land an artificial value.) If he is a worker or enterpriser as well, however, he contributes to production in the same manner as other individuals, and like them deserves to receive the full yield of his efforts.

The Nature of Land Rent

George employs the term *rent* in a precise and explicit sense, to designate only that portion of income that accrues to landowners by virtue of their title to the raw land (or, if the site yields no income, what they would have to pay another for its use if they did not hold title to it).⁸ He is at pains here to distinguish clearly between two kinds of payments that, in popular parlance, are usually combined. When an apartment-house tenant, for example, speaks of paying \$200 a month "rent" to his landlord, he is in reality making two distinct payments at once: one part, say \$140, is for use of the apartment itself, which is the "improvement" erected on the land; the remaining \$60 is payment for the use of raw land, the ground site, and this alone is what George refers to by the term *rent*. If the apartment-house owner happens to own the land as well, he will retain the entire \$200; if he does not, he must remit the \$60 portion to the landowner as part of his payment for leasing the land. In either event it is possible to ascertain the share of the ground rent alone by determining what return the land site, if it were not built upon, would yield when leased to the highest bidder.

The only kind of rent George is concerned with, then, is ground rent, that which derives from the land alone. How does such rental value come about? George gives his full endorsement to the formulation expressed by the economist Ricardo: "The rent of land is determined by the excess of its pro-

duce over that which the same application [of labor and/or capital] can secure from the least productive land in use."⁹ Production use is, of course, not limited to agriculture; every commercial and industrial activity must be performed upon some land site, for the use of which a ground rental must be paid its owner. Since the supply of land is limited and nonreproducible, this rental value depends upon what its users are required to pay for it in relation to marginal areas.

Land rent, accordingly, is established entirely by demand, irrespective of its inherent qualities. "Wherever land has an exchange value there is rent in the economic meaning of the term."⁸ If the demand for a particular piece of land increases, its rent will increase. (George notes that this is not always the case with goods that are produced by labor: commodity prices may sometimes go down as well as up, depending upon the conditions of supply coupled with an elastic demand.)

George elaborates three principal factors that conduce to rent increase. The most important is that of population growth, which not only exerts demand pressure upon central and marginal areas but also carries with it a qualitative enrichment of community life. A second factor is the continuous improvement of industrial techniques, whose effect is to expand the production of wealth, to broaden the potential markets for goods and services, and thus to enhance the value of available land sites. Finally, there is the artificially induced factor of land speculation, the withholding of land from use in the expectation of higher sale price. This, George was convinced, was the principal cause of the disastrous boom-and-depression cycles that afflicted the economy:

Given a progressive community, in which population is increasing and one improvement succeeds another. . . land must constantly increase in value. This steady increase naturally leads to speculation in which future increase is anticipated, and land values are carried beyond the point at which, under the existing conditions of production, their accustomed returns would be left to labor and capital. Production, therefore, begins to stop. . . owing to the failure of new increments of labor and capital to find employment at the accustomed rates.⁹

In brief, the practice of land speculation serves to compound the existing injustice: to the share already extracted by the landowner from the produce of labor and capital is added a bonus that discounts the rewards of future production. The effect of land speculation is that of enforcing "a lockout of labor and capital by landowners."¹⁰

The Sources of Taxation

It is notably in the field of fiscal policy, George contends, that the private appropriation of land rent is seen in its most mischievous form. Public revenue must somehow be obtained to support government services, but it is of the utmost consequence that the burden be assessed with equity and with the least detriment to the economy. Yet existing tax systems, George finds, perversely impose the heaviest burdens upon those who labor to produce, while at the same time bearing lightly upon the nonproducing landowners.

When workers and enterprisers combine their skills, savings, and inventive-

ness to produce goods and services, these are precisely the efforts that are penalized by current fiscal policies. If new machinery is obtained to speed production, or a swamp drained to build upon, or a house modernized to make it more livable, the tax collector levies upon the improvement as if it were a public nuisance. The result is that enterprise is discouraged, workers denied employment, improvements postponed, and land often debarred from its highest use. Symbolically as well as actually, the tenement appears a more attractive investment than a new structure.

By contrast, the landowner is treated with undeserved solicitude. He adds nothing to production, yet is taxed but lightly on the ground rent that the community has generated for him. And if he chooses to withhold his land from use, he is abetted in this by a lighter assessment.

George's strictures upon landlordism, however, do not indicate his primary concern. The thrust of his argument is that each man should receive the full reward of his individual production, however that share is competitively determined, and that no part of what he has produced should be taken from him in the form of taxation. The obverse of this is that no individual has the right to appropriate privately that which is the product of the collective community—namely, the rental value and increment of the land. Placing the two principles in conjunction, George concludes that the only tax that will not penalize individual effort and that will bear equitably upon all is a full (or nearly full) recapture tax on the common product of community development, the value of its land.

The Single-Tax Remedy

He puts the matter concisely thus: "What I, therefore, propose . . . is—to appropriate rent by taxation. . . . [and] To abolish all taxation save that upon land values."¹¹ There is no need, George declares, to nationalize the land; it would neither be purchased nor expropriated by the state. Private titles would remain undisturbed, no owner or tenant would be dispossessed, and no limit would be put upon the amount of land that could be held by anyone.

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. . . . *It is not necessary to confiscate land; it is only necessary to confiscate rent.*¹²

The machinery of property assessment and taxation, George points out, is already everywhere at hand. In those states where the value of land is now assessed separately from its improvements, no further preparation is needed; elsewhere, a separate assessment would be undertaken as the first step. Then, in accordance with the enacted legislation, the tax rate on the raw land would be increased by stages until, on completion of the program, approximately the full annual ground rent would thus be recaptured as public revenue. (In order to minimize the administrative costs and dislocation that might accompany the new system, George suggests a practical expedient: that the landowners retain title to their land, and in return for their collection services be given "a

percentage of rent which would probably be less than the cost and loss involved in attempting to rent lands through State agency. . . ."¹³) Coordinately with each stage, other existing taxes—those on improvements, personal property, commodities and services, private and corporate income, and so on—would be commensurately reduced until they were eliminated entirely.

The Canons of Taxation

George proceeds to test the validity of his proposal against four accepted "canons of taxation." Any measure that seeks to raise public revenue, he asserts, should conform as closely as may be feasible to these requirements: (1) that the tax fall as lightly as possible upon productivity; (2) that it be simply and inexpensively collected; (3) that it be certain in its incidence; and (4) that it bear equally upon all. He finds the tax on ground rent confirmed in each case.

With respect to (1): it would not only put no burden on production but also serve to remove those burdens presently imposed by other taxes:

Tax manufactures, and the effect is to check manufacturing; tax improvements, and the effect is to lessen improvement; tax commerce, and the effect is to prevent exchange; tax capital, and the effect is to drive it away. But the whole value of land may be taken in taxation, and the only effect will be to stimulate industry, to open new opportunities to capital, and to increase the production of wealth.¹⁴

Land value, which is itself a reflection of community development, neither increases nor decreases the rate of production. Consequently, since a tax on land value cannot be shifted but must be absorbed by the owner, it can be imposed up to the point of the land's annual rental return without penalizing either wages or capital. Indeed, the imposition of the tax will act to create added opportunities for productive enterprise by making unimproved land available for use.

(2) Ease and cheapness of collection would be assured. The machinery of land assessment and tax collection being already a part of every fiscal system, it would be no more difficult to collect the full revenue of the land than just a portion of it as at present. Moreover, as other tax-gathering agencies were eliminated, the community would benefit from large savings in the costs of administration.

(3) Certainty of collection could be expected "with a definiteness that partakes of the immovable and unconcealable character of the land itself."¹⁵ Periodic assessments of the land would be based on the ground rental value of each site, and the tax would be collected from the registered owner or—if the land is held by the community—from the lessee. The land tax is also more certain, George declares, because it is not subject to the iniquities that accompany other forms of taxation, such as evasion, fraud, smuggling, and the bribery of officials.

(4) Finally, the land tax would bear equally upon all members of the community, since it would be drawn from the social product to which all had contributed in common. This condition, George asserts, is true only of land values. All other taxes bear unequally, either because they cannot be apportioned to the actual needs of those who pay them, or because they lack preci-

sion in discriminating between the rewards of productive effort and those of unearned appropriation.

Anticipated Benefits of the Land-Value Tax

The remedy he proposed was simple but its favorable effects, George was confident, would reach into every sector of the economy. No longer would industrial enterprise be forced to undergo the chain reaction set up by heavy taxes on production—the sequence of increased costs that led to lessened demand, reduced output, and fewer jobs with lower wages for labor. Production would at last be free to respond with its full resources to the burgeoning needs of the population. The prices of goods and services could be expected to fall to the extent that the taxes upon them were removed, thus leading to an increase in purchasing power. Labor and capital alike would receive the full reward of their contribution to production, minus only that share which would be deducted by government in the form of land tax—and this share would be returned to all in the form of public services.

Since there would be little or no profit to be had through land speculation, this major cause of economic imbalance would be removed. House builders and businessmen would no longer need to invest heavy outlays of capital to purchase land, since secure possession and use could be managed simply by payment of the annual land tax. Capital thus liberated would be available to build upon a wide range of land sites, including those which speculators no longer found it profitable to hold out of use. A marked upswing in building construction could therefore be anticipated. New housing and other improvements, free of taxation, would tend to replace the tenements and other outmoded structures that now persist only because of their low tax liability.

But George expected even more than these tangible economic results—and here it is necessary to venture into the wider reaches of his social philosophy. The “progress” he was concerned with in his long search was not simply economic growth, much less mere fiscal reform.¹⁶ What he was seeking was rather the means by which the human being could best realize his intellectual and moral capacities. It was this that led him inescapably to the realm of economics. Man can fulfill himself as a human being, George believed, only within the context of his social and material life—it is first necessary to live, before one can aspire to live well. In a condition of poverty not only is man deprived of his opportunity to develop, but also he must use up so much of his energy in the sheer struggle for existence that little of it remains to express his higher potentialities.

An economic system can be successful only when it does justice to men's incentives and capabilities. This requires that opportunities to produce shall be equally available to all, that each worker receives the full return of his work, and that no one profits from special privilege. But each of these conditions George found to be violated through the private appropriation of land rent.

The socialization of rent would therefore finally bring about a harmony of economic development and human progress. Free of both the tax collector and the land monopolist, each man would be able to labor to his capacity and to reap the full reward of his effort. The community, in its turn, having created its own value in the form of ground rent, would collect that income and use it

for community needs. In such a situation no individual is any longer penalized and none is unjustly enriched. Ethical rightness becomes merged with economic efficiency, to their mutual benefit and support. Upon such a firm base, George concludes, human beings will be able to exercise their highest moral and intellectual capacities.

Effect upon Particular Groups

What effect would the proposed socialization of ground rent have upon particular income groups of the community?

Clearly, the overall consequence would be that all who received rental income from landholdings would henceforth lose all but a small percentage of that income. Therefore the land would cease to have speculative value. It would, however, retain use value, reflected in its rent, which would go almost entirely to the community. Legal title would not be affected: the owner would retain his title as long as he paid his land-tax.

A. THE HOME OWNER, POSSESSING HIS HOUSE AND LOT: in market terms, the selling value of his lot would diminish, like that of every other plot of land. But his possession and use, or sale, of his property, would remain unaltered. In exchange for the annual tax on the value of his lot, he would be free from taxation on his house, personal property, private earnings, and other tax levies. If he should wish to buy or build another dwelling he could, of course, expect to receive relatively little from the sale of his original lot apart from its improvements; but he would not have to invest a large sum in a new lot, since land could be purchased cheaply by anyone willing to pay most of its ground rent to the community.

B. THE FARMER: at present he carries a disproportionately heavy burden, George believes, because of the high ratio of visible property upon which he is taxed—his crops, dwellings, barns, livestock, machinery, and the like. All that makes his production possible is now levied upon, directly and indirectly. When he improves his land he is taxed more heavily for it, even while high-priced but unimproved land in the towns is assessed at a minimum. The farmer would benefit under George's proposal in two principal ways: first, by being liberated from the oppressive levies upon his production and improvements; and second, because his land would be assessed at a low rental value since it is on the margin of the demand area. Moreover, since the purchase of the land he works would no longer require a large investment, he could engage in farming with much less capital and use his earnings to improve his (tax-free) buildings, equipment, and livestock.

C. THE LARGE PROPORTION OF THE POPULATION WHO POSSESS NO LAND AT ALL: they would have no taxes to pay directly. They would, however, absorb, in the price of the goods and services they buy, that share of production costs which represents the ground rent of the producing enterprise. But two changes would have taken place: first, the ground rent would have become public revenue instead of landowners' income, and would, accordingly, be utilized to pay for the costs of government; second, the price of goods and services would no longer be burdened with the multitude of taxes upon production that were hitherto passed on to consumers.

D. THE GROUP OF LARGE LANDOWNERS WHOSE INCOMES ARE DERIVED

SOLELY OR PREDOMINANTLY FROM THEIR HOLDINGS OF LAND AND SUCH NATURAL RESOURCES AS MINERAL OR PETROLEUM DEPOSITS: would thus bear the major loss resulting from the transition. Their deprivation would be measured roughly by the extent to which their rent income is a greater share than the other elements of their total income. The capital value of their landed investments would be wholly, or almost wholly, forfeited. However, as George contends, all landowners, great and small, would benefit directly from the abolition of taxes on improvements, personal income, investments in productive enterprise, and the like. He asserts that even the largest landowners, though they will suffer immediate loss of ground rent, will profit in common with all other groups in the long-run advantages of the reform.

Despite this, the question is raised, on ethical as well as material grounds, whether landowners should not be compensated for the loss of their investment in land. George recognizes not only that the practice of private landownership has long enjoyed legal and social sanction, but also that present owners have in numerous cases purchased their holdings with capital acquired by acceptable means. But he answers to this that "if landowners are to lose nothing of their special privileges, the people at large can gain nothing," and that "to buy up individual property rights would merely be to give the landholders in another form a claim of the same kind and amount that their possession of land now gives them."¹⁷ The practical difficulties involved in such a proceeding would likewise be formidable, chiefly because the market value of land generally incorporates a factor of projected future increment.

But the issue as George sees it is much more fundamental. If taken on an ethical basis, the private appropriation of land values constituted from the beginning of an unnatural and pernicious act against the community. Private land ownership itself, George reminds us, originated in force, fraud, and conquest, and it was perpetuated by those who inherited or acquired this private power to exact rent as tribute from others. Many of the greatest fortunes in America, as elsewhere, trace their roots to the grants of title, and subsequent political connivance in such acts.¹⁸ Even though ownership today has been acquired by appropriate payment, there is still no ethical right to its earnings. The community creates land-value and the whole community should reap its benefits. The fact that private appropriation has been long sanctioned by society is no more final, George argues, than that chattel slavery was for many generations an approved practice. When an established social institution is found to be morally injurious, it is the duty as well as the right of society to correct it.

Furthermore, if the matter be considered on practical grounds, it will be seen that the effect of private appropriation has been to enrich nonproducers, to deny labor its rightful earnings, and to hold back normal economic growth. It is possible to regard every form of tax as a partial confiscation of the income upon which it is imposed. The tax that is now levied everywhere upon the raw land, whatever its rate, reduces the capital value of that land to some extent. An increase in rate would utilize the same principle, except that a correspondingly larger part of the capital value would revert from the landowner to the community. In such an event, George believes, the most appropriate form of compensation would be the benefit that all of society would obtain from the reform.

George's Replies to Certain Objections

OBJECTION: that ground rental and increased land values are not the only form of "unearned income" in our economy; why then single out the land and landowners exclusively?

George concedes that it may be possible to identify other elements of unearned income, but he insists that, even if this is so, the increment of land value remains a unique phenomenon. Each form of investment capital, even if inherited rather than earned, is engaged in producing reproducible things or services by means of human labor and equipment; thereby it earns a return, large or small, reflecting the economic decisions of producers and consumers. But the natural land, unlike capital, does not constitute either immediate or stored-up labor; it is not a manufactured product; it is not reproducible; and its unimproved value does not depend in any way upon the decisions of the owner. The value of landed property derives from the socially created opportunities it affords for production and residence. As such, the return it yields represents social, rather than private, increment. Accordingly, even if it were possible to isolate other forms of capital income as unearned, this might provide a case for suitable fiscal measures, but it would in no way lessen the propriety of recapturing land values.

OBJECTION: that it is often difficult, if not impossible, to separate the value of the raw land from the improvements made upon it.

George denies that this presents any untoward difficulties. Many states already provide separate assessments of the land and its improvements, even though the two are often merged for imposition of a uniform tax rate. The cost of buildings and other man-made additions is generally known; the balance of the assessed value of the property is that which represents the bare land.

It is, of course, recognized that certain modifications of the land itself, such as swamp drainage, hill terracing, and the like, become eventually indistinguishable from the original site. Improvements of this sort, effected by human effort and capital, would be exempted for an interval of time from taxation; ultimately they would be considered as having fused into the site of the land itself.

OBJECTION: that the increased tax on land would simply be shifted to tenants or consumers in the form of higher rents or commodity prices.

George replies that this would not occur, because land is not a man-made product subject to greater or lesser output. The amount of land available is fixed in extent; hence the effect of an added tax is to decrease the net rental retained by the landowner. To support his position, George cites the then (and now) prevailing view of economists that a land tax (unlike other taxes) cannot be shifted by the owner, that he must absorb the increase himself.

OBJECTION: that an exclusive tax upon land would be too inelastic to provide for the changing requirements of public revenue, particularly in the light of

extraordinary expenditures for defense and welfare purposes.

At the time he wrote, George calculated that a single tax on land values would yield a sufficient revenue for all the purposes of government, local, state, and national.¹⁹ He contended, moreover, that the land tax was inherently elastic because its amount would increase directly with the growth of population and the concomitant enhancement of land values. He was confident, as well, that his remedy would so strongly stimulate business, employment, and real income that the heavy welfare costs of government would be sharply diminished or eliminated.

OBJECTION: that the full land tax would, in effect, put an end to the individual ownership of land, erase the sense of security that comes from such possession, and thus destroy a man's incentive to care for the land and put it to its best use.

George reiterates that neither the title nor the use of the land would be disturbed as long as the annual land-value tax was paid. The situation would remain unchanged except that all but a fraction of the rental income would flow from either the owner or user to the community, instead of to the landowner. The user of the land is always motivated to put the property to its best use, since that is the surest way to make it profitable for himself; this is less the case with the landowner who, if his tax rate is low, may choose to keep his property unimproved until it will fetch a higher price.

The security and incentive that people really want, George concludes, is the assurance that what they cultivate and build and earn by their own efforts will not be taken from them. This the land-value tax would effectuate through the removal of all other taxes.

Forty years after my first encounter with *Progress and Poverty* I continue to find its message enduringly sane and timely. During that period taxes have multiplied, the public debt has grown inexorably, and proud states have approached the edge of insolvency—yet with little or no effort made to correct that most palpable of inequities, the indulgence of landownership at the expense of production. The thought occurs: what if one of the newly emergent nations of our time had had the foresight to install the single tax on land as its public revenue source—how would its people have responded? Would their opportunity and enterprise have been encouraged thereby? Would their tax-free crops and industries have burgeoned? their arts and sciences have flourished? their rewards made commensurate to their efforts? land speculation quashed? the government and bureaucracy confined to their income?

Henry George would have been confident of the result. And how instructive such an example would be to his critics and advocates alike!

Notes

1. Brief reports from eleven countries, including the United States, appear in H.G. Brown et al., eds., *Land Value Taxation Throughout the World* (New York: Robert Schalkenbach Foundation, 1955).
2. Henry George, *Progress and Poverty*, 75th anniversary ed. (New York: Robert Schalkenbach Foundation, 1954), p. 171.
3. Ibid., p. 38.
4. Ibid., pp. 337-38.
5. Ibid., p. 344.
6. Ibid., pp. 165-66.
7. Ibid., p. 168.
8. Ibid., p. 166.
9. Ibid., p. 264.
10. Ibid., p. 270.
11. Ibid., pp. 405-6. Some have made the point that what George proposes is not a tax at all in the traditional sense, and that it should rather be construed as a process by which the community would collect annually the social increment that it alone is capable of producing and would use to defray its own expenses. This, it is contended, involves no levy at all upon the productive powers of labor.
12. George, *Progress and Poverty*, p. 405.
13. Ibid.
14. Ibid., p. 414.
15. Ibid., p. 418.
16. This concern, central to George's philosophy, is developed at length in bk. 10 of *Progress and Poverty*.
17. George, *Progress and Poverty*, p. 360.
18. George deals with this issue at some length in bk. 7, chap. 4, "Property in Land Historically Considered," and chap. 5, "Of Property in Land in the United States."
19. George, *Progress and Poverty*, p. 406. Some Georgists today are prepared to approve inheritance and income taxes as supplementary sources of revenue in the event the land tax is inadequate for legitimate and necessary purposes. George himself said nothing about this.