

What's Left of the "Single Tax"?

By GLENN HOOVER

The movement Henry George began seventy-five years ago is described by a professor of sociology. In our next issue the distinguished economist, Frank H. Knight, will present a different point of view.

The crusade for the "Single Tax," under the leadership of Henry George, was probably the most spectacular crusade in our history. George was forty years old when his *Progress and Poverty* was published in 1879. Before he died, some eighteen years later, this impecunious, unschooled, and obscure printer from San Francisco had become one of the most noted figures of his age.

His *Progress and Poverty* had been translated into all the important languages of his time, and millions of copies of it had been sold. He had lectured to enthusiastic audiences in Australia, New Zealand, and the British Isles, and it is said that in England only Gladstone was better known. He had twice been a candidate for mayor of New York City, and in his first campaign he received more votes than the young but redoubtable Theodore Roosevelt. He died (1897) just before the end of his second campaign, and as his body lay in state in the Grand Central Palace, one hundred thousand mourners filed by his bier, and another hundred thousand prayed or meditated outside.

What happened to the Georgist movement? Did it collapse because it dealt with petty or transitory issues as did the Populists, the Grangers, the Free Silverites, or the California advocates of "Thirty Dollars Every Thursday"? Has George's economic logic been refuted and rejected by professional economists? Is the world no longer interested in land reform? How much of the economic rent of land is already taken for public purposes by means of the general property tax? These and similar questions must occur to anyone interested in the history of reform movements. And they are of particular interest to those who believe that the earth, together with the waters upon it and the air around it, are, of right, the common property of mankind.

The term "Single Tax" as applied to Henry George's program, is a very inadequate description of it. The program was based on the simple proposition that land is a free gift of Nature and that all persons have equal claim to it. However, the earth cannot be equally shared by "dividing it up." What can be shared is not the earth itself, but the value of it—its economic rent. If landowners were compelled to pay as a tax the annual value of their land, this revenue could be used for public purposes. In this way the common right of all to

the earth would be recognized, and each person's share of the annual value of the earth would go into the public treasury rather than to those who claim the earth as their own.

Paradoxically enough, Single Taxers are not primarily interested in taxes at all, not even the tax on land, except as a means of siphoning the economic rent of land into the public treasury. Some Single Taxers—though not all—have believed that the economic rent of land would provide governments with enough revenue to meet their legitimate needs. If so, no other taxes need be levied. They therefore called themselves, and were called by others, "Single Taxers."

It must be evident, however, that whether or not the annual value of land would provide governments with enough revenue to enable them to abolish all other taxes is merely a "fringe" issue. The right of each to an equal share of the annual value of the earth does not at all depend on whether this sum would be large enough to support our governments. If it should—which now seems highly improbable—governments could reduce their debts, or even declare a "dividend"! If the sum proved inadequate, governments would of course, have to impose other taxes, even if the single tax on land were adopted.

Ethics plus Economics

The notion that, as Jefferson put it, "the earth belongs in usufruct to the living" is the very core of the Single Tax doctrine. It is not, strictly speaking, an economic notion at all but an ethical one. Nevertheless, it is based on certain economic premises which should be re-examined so that we may see if they have withstood the ravages of time and the criticism of economists.

The economic premises which are pertinent to the ethical claim of the Single Taxers are:

1. The earth is not the product of labor, but a free gift of Nature or of Nature's God.
2. Its value—apart from improvements—is created by the increase in the population it serves.
3. The supply of land—unlike the products of labor—cannot be decreased by any tax that can be imposed upon it. For example, windows could be "taxed out of existence," but not land.
4. Taxes imposed on the site value of land cannot

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and conflicting testimony, discloses our trend toward the employment of mass armies and universal service for American youth. As a consequence, we may now expect increased emphasis on carrier-based aircraft, and more fissionable materials devoted to atomic cannon and other battlefield weapons. It is likely that, more and more, strategic bomber strategy will be superimposed on, and tied to, traditional surface strategy.

If Atomic War Comes

These trends are sinister. The Red Air Force is at this moment capable of launching a full-scale atomic assault against both Europe and America. It is a grim reality that we have neither adequate fighter-interceptors to defend ourselves against such an attack nor sufficient intercontinental bombers for sustained attack on Russia's war potential. Present NATO plans propose to hold the vast Red Army at bay with numerically inferior ground forces, which are dependent for support on a NATO air force much too weak to meet the Red Air Force.

If atomic war comes, the enemy doubtless will strike first. Our Air Force (or what is left after the first enemy attack) must be able to knock out his ability to strike us *immediately* after this initial attack; otherwise our Air Force will be rapidly consumed. Meanwhile, the enemy Air Force would be free to continue to inflict terrific damage and to destroy our war industries, including our aircraft industry. It would be years before we would be able to create a new and effective Air Force, if indeed we ever could.

The Red Army is the most powerful peacetime ground force the world has ever produced. If war comes, to engage its full weight will lead to ghastly laughter and eventual disaster.

Does America dare let the Kremlin add air supremacy to its obvious advantage in ground forces?

Through force of circumstance, the British—more than we—have had to face the facts and realities of modern warfare. They cannot afford the luxury of pretending that the three main elements of defense—air, land, and sea—can each play an equal role. They are compelled to rely on new concepts and new weapons rather than on standing armies which can never match the Red Army. Although traditionally a sea power, the British have accepted the fact that Russia cannot be blockaded and have therefore drastically curtailed naval expenditures. Their Air Force has become the “first line of defense” in the ocean of the sky.

The British, wisely, have given up the effort of trying to satisfy all their generals and admirals and the loyal alumni of the two original sister services. How long can we in the United States afford to base our defense plan and stake our destiny on service loyalties rather than on strategic realities?

THIS IS WHAT THEY SAID

It can, of course, be argued that Chinese fear of germ warfare and American fear of Communist spying represent opposite sides of the same medal.

THE ECONOMIST, London, April 4, 1953

And on my part I ask you very simply to assign to me the task of reducing the annual operating expenses of your national government. We must move with a direct and resolute purpose now. The members of Congress and I are pledged to immediate economy.

FRANKLIN D. ROOSEVELT, Message to Congress, March 10, 1933

Anti-Semitism and other forms of racial prejudice and discrimination have almost entirely disappeared in Soviet Russia.

CORLISS LAMONT, *Soviet Civilization*, 1952

There was Menuhin. He used to talk about his art and his God and his fiddle. Then one day when he was supposed to play in Philly, we told the musicians he didn't hold a union card and they walked out. So now him and his God and his fiddle, they're in the San Francisco local.

JAMES C. PETRILLO, quoted by the *New York Times*, June 10, 1953

What Proposal, What Panic?

The peace proposal of the People's China and Korea created a panic on the New York Stock Exchange.

GLOS PRACY (Warsaw), April 16, 1953, quoted in *News from Behind the Iron Curtain*.

Handouts Unlimited

Would we be in “this present crisis” if we had . . . given both Britain and Russia five billion each at the close of the war; if we had presented to Russia four or five large dams, one of the things they love most, with the compliments and gratitude of the American people . . . if hundreds of American cities had “adopted” British and Russian devastated cities of similar size . . . if we had invited Russian and native Communists to speak on all college campuses . . . if we had given UNESCO 300 million a year instead of a niggardly three million?

READ BAIN, Professor of Sociology, Miami University, Ohio, address of April 25, 1951

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THE EDITORS

be shifted. When a tax is imposed on a produced goods, the tax enters into the cost of production and must be recovered in its price. However, a tax on land values will not decrease the supply of land or increase the demand for it. Nor will it increase the price of land, of farm crops, or the rent of urban property.

5. The rent received by landowners is not a payment for any service they render to society.

Do economists reject the foregoing premises? On the contrary, every one of them is accepted as true by economists—almost without exception. They are not propositions which Henry George, or any of his followers, ever claimed as their own. Most of them must always have been accepted as true by thinking men. For example, all primitive tribes agree that the portion of the earth over which they roam as collectors, hunters, or fishermen is the common property of all. It was only when agriculture was introduced that society recognized any private right to any given part of the common earth—and then only for such periods as the original claimant cultivated it.

George frankly based his program on the Ricardian explanation of rent. He insisted that it had "the self-evident character of a geometric axiom," and he never professed to add anything to the Ricardian analysis. Instead, he confined himself to drawing the ethical conclusion that if, as Ricardo demonstrated, rent is an unearned income which grows with the increase in population, then justice requires that it be devoted to public purposes.

The objections to the Single Tax, as recorded in most texts on economics, are adequately summarized in *Economic Principles, Problems, and Policies* (fourth edition) by Professor William H. Kiekhofer. He lists all objections under three headings—ethical, political, and economic. There is first the ethical objection that by adopting such a program society would fail to "keep faith" with those who had bought land with the expectation that the land values "created by themselves and their neighbors" would go to the landowners.

On political grounds, the objection is made that if adequate public revenue could be raised by appropriating the socially created economic rent, many citizens would lack any incentive to participate in government. Others argue that a large role of landowners is essential to the stability and progress of political society. On economic grounds the objection is made that the private appropriation of the economic rent of land is essential in order to secure "the best care and management of the land."

Professor Kiekhofer does not disclose his own opinions, and it might not be proper for him to do so in an introductory text. My own view is that there is some merit in the objection that the full economic rent should not be taken without some compensation to the landowners. But the notion that citizens, if relieved from taxation, would have no interest in their government, is quite unreal-

istic. Problems related to the cold war, Communism, inflation, trade unions, crime, tariffs, education, etc., are of as much public interest as an increase or decrease in taxes. And the notion that a sort of "landed gentry" is essential to the stability of society in this urban age borders on the fantastic.

Emotional Appeal Lacking

As a crusade, the Single Tax movement did not long survive the death of its leader. Without Henry George's unusual abilities as an orator and a writer, the movement could make but little emotional appeal to the masses, and those who respond to appeals to reason are seldom the stuff of which crusades are made. Even those who favored the public appropriation of the economic rent shied away from the movement because it had attracted so many eccentrics who persisted in presenting George's program as a panacea. Thoughtful men will hesitate to identify themselves with even the most sensible program if they find it is being offered to the public as a miracle-working cure-all.

Most American farmers who owned their farms would not support the program because they were interested in profiting from a rise in land values. They reacted to it more as land speculators than as land-hungry peasants, and showed little interest in sharing equally the value of God's footstool. The grain farmers of the Middle West joined the Granger movement and tried to obtain lower freight rates for wheat and corn. Those farmers who had mortgaged their farms reacted primarily as debtors and supported the Greenback Party, the Populists, or followed Bryan in his efforts to obtain "cheap money" with which they hoped to pay off their debts. George, as he himself put it, "stood for men," but most of the agrarians preferred someone who stood more specifically for farmers.

The industrial workers, although often warmed by George's eloquence, proved to be more interested in improving their lot as wage earners than in assuring to each man his equal share in the socially created value of land. They preferred to organize themselves into unions. Having learned that, with the monopoly power thus obtained, they could exact higher wages than they could get by selling their services in a free market, they were not much interested in economic justice. Thenceforth they showed but little interest in proposals for improving the lot of the entire "working class," and they were even less attracted to any movement seeking justice for all mankind.

The Single Tax movement, once a crusade, has now sobered up and settled down to the more prosaic but fruitful task of adult education. There is no Single Tax Party, no national organization, and no hierarchy empowered to expel heretics who depart from the orthodox faith. Single Taxers are pronounced individualists, and any man may claim to be a Single Taxer or a Georgist—and any other

man may just as vehemently deny this claim!

One of the more stable organizations is the Robert Schalkenbach Foundation (New York) which publishes and circulates Georgist literature, both in English and in foreign languages. It also gives financial support to the *American Journal of Economics and Sociology*, and is now awarding grants-in-aid to graduate students who are doing research in some phase of the land problem.

Another organization, now in its twenty-third year, is the Henry George School of Social Science, which publishes the *Henry George News* and offers class instruction in fundamental economics in its branches in many of the leading cities throughout the United States and Canada. The effort concentrated on these schools is further evidence that the advocates of land-value taxation have definitely abandoned the more spectacular political campaigns for various "single tax" measures, and are resting their hopes on the slower processes of education.

Single Taxers are also supporting every effort to have personal property and improvements exempted from taxation. This normally results in increasing the share of local revenue derived from taxes on the site value of land. Taxes on personal property, both tangible and intangible, are already in such disrepute that they have been abandoned in many places, and are levied at lower rates in others.

Single Taxers have also consistently opposed the levying of taxes on improvements because such taxes obviously discourage the construction of buildings and the proper maintenance of them. These efforts are having results, as is shown by the recent action of the State of Pennsylvania in permitting all third-class cities to tax improvements at lower rates than those imposed on land. This privilege had previously been accorded only to the two second-class cities of Pittsburgh and Scranton.

Sales Tax Opposed

Single Taxers are also entitled to considerable credit for opposing any additional use of the sales tax device by state and local governments. As compared with the tax on self-assessed incomes, a sales tax is easy to collect, and those who pay it need not devote two or three week ends each year to the baffling and wearying task of computing their sales tax liability. For example, taxes on the sale of gasoline would be much less popular if each auto owner had to report the number of gallons he had purchased in the preceding tax period and then make the required payment—whether at once or in four equal installments!

Each man pays his sales tax when he buys, and he gets some comfort from believing that every other man does the same. This is not true of taxes on income. Insofar as they are based on self-assessment, a premium is placed on dishonesty. An income tax payer must be naïve indeed if he can be-

lieve that all who are in the same boat with him are paying the same tax. But the simplicity and even-handed justice of sales taxes should not blind us to the fact that they are regressive in character. If that illogical celebrity—the man-in-the-street—could only think straight, he would not argue that taxes should be levied in accordance with ability to pay, and at the same time defend taxes on sales. Single Taxers do not so argue.

An increased use of taxes on sales and income by state and local governments does not always result in lowering the taxes on the site value of land. But in some regions it has meant just that. Landowners are frequently the most vociferous and influential of all taxpayers, and they favor the shifting of local government costs to the state governments. The local governments derive much of their revenue from taxes on land, while state governments derive most of their revenue from taxes paid—directly or indirectly—by the landless. If landowners can persuade the states, or the national government, to bear an increased share of the cost of supporting schools, building and maintaining roads and streets, caring for the poor, etc., they can keep more of their rents while the landless will pay more taxes. This program has been aptly described as "Single Tax in reverse."

But the landowners themselves seldom have enough votes to make "the great tax shift" from land to sales and income. To gain their ends they have encouraged their neighbors to believe that it would be well to transfer more and more of the costs of local government to the states—or better yet to the national government. Many of those without land—or any understanding of economics—have been easily seduced by the arguments of the landowners. Why should they pay for the support of the traditional functions of local governments if they can get their state or the national government to support them? The argument is simple and the simpletons who are persuaded by it may get what they deserve; but the landowners get what they do not deserve—additional revenue from the socially created value of land.

If the term "Single Tax" is used to include all of Henry George's economic notions, then the "true believers" are not very numerous. He was convinced that "in spite of the increase of productive power, wages constantly tend to a minimum which will give but a bare living." Both George and his contemporary, Karl Marx, predicted that real wages would never rise appreciably unless their reforms were adopted. In their abilities to foretell the future, time has proved both of them to be, at best, but very minor prophets.

It must be admitted too that George's attack on Malthus and his unconvincing explanation of the rate of interest have added nothing to his reputation among modern scholars. But his notions on these matters are almost quite irrelevant to the program which he advocated—the socialization of

the economic rent of land. Men can, and do, support this program while disagreeing violently on such questions as the inevitability of poverty or the merits of the Malthusian doctrine. The important thing is that the economic principles on which George's program is based have won general acceptance. The opposition to his program is based almost exclusively on ethical grounds, and on this issue reasonable men may reasonably differ.

Space limitations make it impossible to discuss the Single Tax movement in foreign countries. Suffice it to say that in Australia, New Zealand, South Africa, and particularly in Denmark, the advocates of land value taxation are very active. At the local level they have made considerable progress toward exempting personal property and improvements from taxation. In Britain no tangible results have yet been achieved in the field of legislation, but London is the center of a very effective educational campaign, and *Land and Liberty* is a well edited London journal which serves the Single Tax movement throughout the world.

And finally, a word of caution. No one, to my knowledge, has any authority to speak for all who call themselves Single Taxers, and certainly I do not presume to do so. I do not even enjoy being called one, unless the term is limited to mean one who believes in the governmental appropriation of the socially created value of land—with or without some compensation to its present owners. As we become more disillusioned with our existing taxes on personal property, improvements, sales, and income, it seems probable that much more of the economic rent of land will be taken for public purposes.

That reform may prove to be the only enduring legacy of the Single Tax movement. It will not satisfy those who yearn for utopia, but the practical idealists throughout the world who are working for it will be content. To have the earth recognized as the common heritage of mankind—rich and poor alike—would show the skeptics that the selfishness of individuals and of classes cannot forever prevail against appeals to reason and justice.

Our Pink-Tinted Clergy

By JULIAN MAXWELL

In their sponsorship of Communist causes a growing number of our churchmen are furthering the aim of a secret core in their midst to destroy religion.

It was a rainy Sunday morning in Brooklyn. I stepped out of the protective cover of the subway and turned left, down Montague Street. Ahead of me was the Holy Trinity Church, its spire partly obscured by the mist. I was on my way to its Sunday morning service conducted by the Reverend William Howard Melish, formerly Chairman of the National Council of American-Soviet Friendship and, according to Louis Budenz, a card-carrying member of the Communist Party.

An elderly woman smiled as I walked through the large paneled door and handed me a small pamphlet outlining the service and giving church news. The sermon was entitled, "Though One Rose from the Dead."

The organ began to play, and Mr. Melish, a sandy-haired man with close-set eyes and rimless glasses, appeared dressed in an ornate white robe. After the first hymn, "Fairest Lord Jesus," he began his sermon, in the mechanical yet full-throated tones of an uninspired actor. He told the story of Lazarus, the poor beggar who got into heaven, and of Dives, the rich man who didn't. "If more people in this world would worry less about their money and more about sharing it, it would be a better world," he said. As he spoke my eyes,

fixed on the gleaming communion altar, moved to the great chancery window where the ascension of Christ was pictured in vivid colors, then traveled slowly up the gothic arches to the high-vaulted clerestory. Was it really possible, I asked myself, that all this was only so much stone and glass—a new front for Communism?

This question has troubled congregations in a good many churches in recent years. Mr. Melish is only one of a number of clergymen who are accused either of being out-and-out Communists or of taking part in pro-Communist activities. In the New York area alone there are at least a dozen Red or pink-tinted clergymen. These include the Reverend J. Henry Carpenter of Brooklyn, who was recently refused a passport by the State Department, the Reverend George A. Buttrick of the Presbyterian Church on Madison Avenue, the Reverend Allan Knight Chalmers of the Broadway Tabernacle Congregational Church, the Reverend Jack R. McMichael, Director of the Methodist Federation for Social Action, the Reverend Mark A. Dawber, Secretary of the Home Missions Council, and Dr. Harry F. Ward, Professor Emeritus of Christian Ethics at Union Theological Seminary.

Just about two months ago Dr. Ward was the

honor guest at a "peace and friendship" dinner at the Hotel McAlpin in New York. Nearly four hundred persons attended. Dr. Ward was being honored for his "signal contribution to the cause of American-Soviet understanding and world peace." The featured speakers included Paul Robeson, Corliss Lamont, and that millionaire champion of Red China, Frederick Vanderbilt Field. The speeches, of course, sang the praises of Russia and damned the "warmongering" of the United States.

Of the above-mentioned clergymen, McMichael is probably the most powerful. His Social Federation, which has been labeled subversive by the House Committee on Un-American Activities, claims to represent twenty Methodist bishops and some four thousand clerics. McMichael himself, who has been associated with more than twenty Red front organizations, is a dynamic and personable man who runs his outfit like a high-powered public relations firm. From his offices in the official Methodist building on Fifth Avenue, which he occupies despite strenuous church opposition, he disseminates a veritable flood of pro-Communist propaganda.

Surprising Frankness

Of the several other Red-front religious groups, Harry Ward's Methodist-Episcopal Federation and the Institute of Applied Religion are probably the best known. The head of the Institute, the Reverend Claude C. Williams of Detroit, undoubtedly has provided us with the frankest statement on record of a Red churchman's philosophy. "Denominationally," said Williams not long ago, "I am a Presbyterian; religiously a Unitarian; and politically, I'm a Communist. I'm not preaching to make people good or anything of the sort. I'm in the church because I can reach people easier that way and get them organized for Communism."

However, the party probably gets its greatest support from clergymen actually working inside churches or official church organizations, writing and editing articles for the church magazines, and making important policy decisions. For instance, Dr. Ward had a direct hand in writing the Social Creed for the churches of the National Council—a creed which advocates "social planning and control of the credit and monetary systems and the economic processes for the common good."

The articles that sometimes pop up in the church magazines are surprising. For example, an article in the Methodist publication, *Adult Student*, for April 1950, contained the following strange description of our economic system: "Our chief rulers are the descendants (and their satellites) of the house of Morgan (the head of the world's greatest combination of finance), the Rockefellers (head of the world's greatest oil supply), the Mellons (aluminum and oil), the Du Ponts (chemical products and allied industries), and the Ford Empire."

Another piece in the January-March issue of

Crossroads, a Presbyterian Sunday School quarterly, discussed the position of the working man: "As the world became more industrialized social problems became more complicated and acute. With insufficient protection by law industrial workers—including children—endured severe privation and were often unscrupulously exploited. In the midst of this situation a prophetic voice was heard—a voice that was to be heard yet more loudly in the years to come. It was the Voice of Karl Marx. . ."

In Praise of Stalin

The Reverend Jerome Davis, a former professor at the Yale Divinity School, often expresses the pro-Communist clergyman's opinion of foreign affairs. In the July 1947 issue of *Classmate*, a Methodist publication, he sang the praises of one Joseph Stalin. "It would be an error," said Davis, "to consider the Soviet leader a wilful man who believes in forcing his ideas upon others. Everything he does reflects the desires and hopes of the masses to a large degree."

In his recently published book, *Behind Soviet Power*, Davis made some interesting comments on religion and Communism. He wrote:

Bolshevism is commonly pictured as the antithesis of Christianity. Yet Hewlett Johnson, Dean of Canterbury [the Red Dean] declares, "the Communist puts the Christian to shame in the thoroughness of his quest for a harmonious society. Here he proves himself to be the heir of the Christian intention . . . the Communist struggle for community contains an element of true religion and as such demands Christian recognition." The former United States Ambassador to Russia, Joseph E. Davies, says, "the Christian religion could be imposed upon Russian Communism without violating the economic and political purposes of Communism, which are based after all on the same principle of the brotherhood of man which Jesus preached."

This paragraph explains the essence of the fallacious reasoning which often leads some of our muddleheaded ministers into the ranks of Communism. Forgetting that Communism presupposes atheism and amorality, they take the bait labeled Social Welfare which the Reds dangle so enticingly before them and are hooked in short order. This basic naïveté of outlook crops up continually in the personality of the pink-tinted clergyman—he follows the track of Communism but never manages to catch up with the vehicle; and if he ever does catch up with it, he is crushed under its wheels.

Methodist Bishop G. Bromley Oxnam of Maryland is typical of this group. A former president of the National Council of Churches, which claims to speak for 35,000,000 Americans, and current president of the World Council of Churches, he stands at the top of the clerical world. Yet he is completely oblivious to the Communist threat to that world. He has visited Russia three times and he often expresses sympathy for Red doctrines. He denies he is a Communist, but his sayings have a