Some Disturbing Inhibitions and Fallacies

in

CURRENT ACADEMIC ECONOMICS

20 cents

Published by the
ROBERT SCHALKENBACH FOUNDATION
50 EAST 69TH STREET, NEW YORK 21, N. Y.

After all, why bother to raise for the contemplation of university and college students embarrassing questions regarding who ought to be made to pay whom for *permission* to enjoy community-produced location advantages, or *permission* to work on and live on the earth in locations where work is reasonably effective and life reasonably pleasant, or for *permission* to withdraw from the earth subsoil deposits!

Quite commonly, too, when students pursue their work in economics into the graduate school, nothing whatever is added to what they already know—or, rather, don't know—about Henry George and the taxation of land values.

If, therefore, you do really desire some understanding of this problem, than which nothing in the field of economics is more fundamental, wouldn't it be wise to enroll in **The Henry George School of Social Science**?

Leadership in necessary social reform may come from idealists outside of the universities, who have followed fortunate suggestions in doing their own reading and study. ONLY BY THE REMOTEST ACCIDENT WILL IT COME FROM COLLEGE GRADUATES WHOSE MINDS HAVE THUS BEEN TURNED AWAY FROM INVESTIGATING THE MOST SIGNIFICANT OF OUR ECONOMIC PROBLEMS.

Some Paragraphs from
The Challenge of Australian Tax Policy

Can Professional Economists Continue to Ignore Experience with Land Value Taxation?

by

HARRY GUNNISON BROWN

author of

The Teaching of Economics,
Basic Principles of Economics,
The Economic Basis of Tax Reform,
Fiscal Policy, Taxation and Free Enterprise,
The Economics of Taxation, etc.

Many textbooks in the "principles" of economics—and some, even in public finance—*make no mention at all of the subject.* Indeed, the recent text on "The Elements of Economics" by Prof. Lorie Tarshis of Stanford University, does not have the word "land" or the word "rent" or the name of Henry George in the index. The publishers claim it is in use at Columbia, Harvard, Yale and other universities. The same statement can be made regarding "*The Economics of Public Finance*" by Prof. Philip E. Taylor of the University of Connecticut. Such cases remind one of the limerick which relates that

A college economist planned
To live without access to land
And would have succeeded
But found that he needed
Food, clothing and somewhere to stand.

Leadership in necessary social reform may come from idealists outside of the universities, who have followed fortunate suggestions in doing their own reading and study. ONLY BY THE REMOTEST ACCIDENT WILL IT COME FROM COLLEGE GRADUATES WHOSE MINDS HAVE THUS BEEN TURNED AWAY FROM INVESTIGATING THE MOST SIGNIFICANT OF OUR ECONOMIC PROBLEMS.

If there is occasionally a teacher who is eager to present the subject fully and fairly, he is quite likely to be limited in his opportunities of doing so by the prejudices of colleagues. Texts are selected and assignments arranged which all must use and follow. Dull and, from the point of view of the general welfare, *relatively inconsequential* topics are dwelt on for weeks. . . . . *The situation is much as it would be in a college of medicine if the lecturers on cancer and on rabies were forced to devote their time chiefly to the subject of poultices and dressings and were allowed hardly any time for the explanation of surgical techniques, radium and X-ray treatment, and vaccination.* Thus, in economics, because important truth is denied or ignored, the students—and the public—are cheated. . . . . No amount of money spent from the income of large endowments, to hire instructors or "tutors" to stimulate discussion in dormitories or other small groups, can compensate for leaving out of the work in economics *the most exciting and vital topics on which it can shed light.*

If communism—or socialism—and the incident regimentation *should win*, in the United States, in Western Europe, in China and elsewhere, *over the present caricature of free enterprise*, those professorial economists whose economic philosophy has contributed to make our economic system such a caricature cannot be held free of all responsibility for the system's ultimate collapse. For "capitalism" is indeed under heavy attack in a large part of the world. And the college graduates our economics professors have taught are but poorly armed against the bombardments of communist and socialist ideology, when they can oppose the optimistically idealized programs of the "planners" with nothing better than this caricature of what capitalism could be at its possible best. *Why have they not been shown the intriguing blue-print of a free private enterprise system clearly worth fighting for?*

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The Challenge of Australian Tax Policy

Can Professional Economists Continue to Ignore Experience with Land Value Taxation?

I will not insult my readers by discussing a project [land value taxation] so steeped in infamy.

FRANCIS A. WALKER

I

A SERIES OF ARTICLES published in the last few years in the Australian magazine, *Progress*, by A. R. Hutchinson of Melbourne, focuses attention upon studies made by the Land Values Research Group, of which Mr. Hutchinson is Director of Research. The conclusions to which these studies seem to point are almost precisely those which the very few professional economists seriously interested in the taxation of land values would have expected. Nevertheless, to the majority of American economists, these conclusions and the supporting data may come as a surprise. It might be well if such economists would seek to familiarize themselves with the data. In large part, Mr. Hutchinson's articles have been republished in a thirty-two page booklet entitled "Public Charges upon Land Values"[1] and in two folders entitled, respectively, "Housing the Nation" and "Rating Land Values in Practice—Results in Greater Melbourne." These reports will be dealt with here as a unit.

Hutchinson classifies the Australian states into two groups based on the proportionate burden of taxes on land values. The first group of states consists of Queensland, New South Wales, and Western Australia. In all of these, local real estate taxes are, in general, levied on *land values only.* Land-value taxes in Queensland take for the public, he estimates, more than half (54.5 per cent) of the annual rental value of the land; in New South Wales nearly a third; in Western Australia about a sixth. (In Western Australia, though the rural areas tax mainly land values, the municipalities tax land and improvements equally. Besides local taxes there are, in most of the states, state land taxes; but these taxes Hutchinson considers relatively unimportant because in several of the states they are paid only by lands above a certain value and because they raise so much less revenue than do the local taxes.)

[1] Melbourne (Published for the Land Values Research Group by the Henry George Foundation of Australia), 1945.

The second group of states includes South Australia, Victoria and Tasmania. In these states, local taxes are levied, generally, without distinction between land and improvements, although "some of the districts in South Australia and Victoria rate upon the land value basis," *i.e.*, tax only the unimproved value of the land. *In Tasmania, none at all do so.* All districts in Tasmania and most in South Australia and Victoria "rate upon" (that is, levy taxation upon) what is called "the annual value basis" of land and improvements together.

Between 1929–30 and 1938–39 the area under all crops increased in the first group of states by 21.5 per cent and *decreased* in the second group by 7.6 per cent. The increase was greatest for Queensland (65.8 per cent), next for New South Wales (22 per cent) and last for Western Australia (3.4 per cent). The decrease in the states not taxing land values (locally) as such was least for South Australia (4.9 per cent), greatest for Victoria (10 per cent) and nearly as great for Tasmania (8.4 per cent). During the same period the "area under wheat for grain" increased in Queensland by 117 per cent, in New South Wales by 17 per cent, and decreased in Western Australia by 4.4 per cent, the average increase for the three land-value taxing states being reckoned as 9.9 per cent. For the other group of states the *decrease* averaged 19.2 per cent and ranged from a decrease of 15.5 for South Australia, through 22.8 for Victoria, to 41.5 per cent for Tasmania in which *no* local district or governing area taxes land values as such.

The author considers next, data in regard to the construction of dwellings between 1921 and 1933. He finds the number of new dwellings constructed per one hundred marriages to be 74 in the land-value taxing states and 59.3 in the other (the "annual value rating") states. Each state in the first group had more building than any state in the second group. Tasmania, with *no districts at all* "rating on unimproved land values," had only 29.7 dwellings per hundred marriages during this period, less than half as many as the next lowest state in the group. However, Western Australia, in which land values are taxed less than in either Queensland or New South Wales and which does have, as we have seen, a much poorer record than those states as regards increase of area under crops, appears to have a somewhat better record in dwellings constructed per hundred marriages.

Hutchinson does not state whether this better record in Western Australia is confined to *rural* districts, although the fact that the municipalities of this state do not have a land-value tax system might lead one to expect such a result. But his figures on the degree of improvement of land do indicate that, as of 1939–1940, the "ratio of value of improvements as percentage of unimproved land value" in the case of country land was higher in Western Australia as compared to this ratio for city land, than in any other Australian state.

Attention is called to the fact that those districts in South Australia and Victoria which do tax land values as such "are the districts which contributed most to their states' better showing than Tasmania." Thus, in Victoria, "although at the 1921 census only 16 per cent of the state population was in the fourteen districts rating land values, these districts accounted for 46 per cent of the total increase in dwellings for the State between the two census years." And "evidence submitted to the Commonwealth Housing Commission in South Australia showed that dwelling construction in the districts rating land values in that state was markedly superior to that in the districts rating Annual Values," *i.e.*, taxing land and improvements at equal rates.

But Hutchinson is not satisfied with this rather general conclusion. He wants to compare cities or districts which are, as nearly as possible, similar in location advantages and type, except that some "rate on land values" and others do not. He suggests that "In many respects these comparisons may be more reliable than interstate comparisons of development since the comparisons are not complicated by different political policies which may exist in the states." Also, he notes that "It would be absurd . . . . . to compare development of the business centre of the city with a perimeter district." So he selects, first, mixed industrial and residential cities which do and which do not rate on land values, that are in the Greater Melbourne (Victoria) area and about equally distant by rail (five miles) from Flinders Street Station in Melbourne. These cities he classifies as in Zone 4. Next he selects cities further out from the Melbourne business center (seven miles), some rating on land values and some not, and all residential, which he classifies as in Zone 5. And, similarly, he classifies cities still further out (nine and a half miles) and entirely residential, as in Zone 6. Since in Zones 1, 2 and 3 there are no land-value taxing cities, Hutchinson's study is perforce confined to Zones 4, 5 and 6.

Comparing the cities in Zone 4 which tax land values and not improvements with those which tax both, he finds that the number of dwellings constructed per acre available, in 1928–1942, was more than 50 per cent greater in the former than in the latter cities. In Zone 5, he found the number of dwellings in proportion to the acreage available to be more than two and a third times as great in the unimproved land value taxing cities as in the others. For Zone 6, he found it to be twice as great.

The *value* of *all* building per available acreage was, during the same period, in Zone 4, 40 per cent greater for the land value tax cities; in Zone 5 it was 140 per cent greater, almost two and a half times as great, and in Zone 6 it was 134 per cent greater.

Hutchinson remarks in regard to an alleged shortage of houses in Victoria of 40,000, that "if these ten cities in Melbourne which do not now rate on land values had been rating on that system and showing the same building figures per acre as the districts now rating on land values, instead of the 41,293 houses which were actually built there would have been 88,000 built. In other words there would be 46,700 more houses in these districts alone."

The change in holdings of vacant land in 1939 as compared to 1921 is noticeably different in the unimproved land value taxing cities and the others. In Zone 4, the decline in vacant holdings in the land value tax group was 57 per cent as against 30 per cent for the other group. In Zone 5 it was an 8 per cent decline as compared to a 50 per cent increase. In Zone 6 there was an increase for the only land value tax city on which data could be secured of 74 per cent, as compared to an increase for the only annual value rating city on which data could be obtained of 243 per cent. These increases the author attributes to speculative development of holdings previously agricultural. But the per cent increase was less than a third as great for the land value tax city as for the other. Perhaps it is a fair guess that the policy of taxing more heavily the value of land operated to prevent the waste involved in taking well situated land out of agricultural use years before it would be needed for urban uses. Perhaps one can fairly surmise that less adequate taxation of the value of land operates merely to have most of it held during these years in the form of vacant lots.

Coming back to a comparison of the states, we note that the ratio of the value of improvements to unimproved land values in 1939–40, was 151 per cent in the land value rating states and only 79 per cent in the others, and that it was decidedly highest (198 per cent) in Queensland, where the land value tax is highest. Furthermore, the average total value of improvements, for each land taxpayer in the states rating locally on land values, was fully twice as great as in the other states and was greatest of all in Queensland.

Land value taxation has been sufficient in Queensland so that the sale value of land per head of population actually declined 16.7 per cent between 1901 and 1937. In each of the other two locally land value rating states, it has risen by 11.5 per cent. In South Australia and Victoria, where, in general, districts do not rate on land values, the value of land per head of population has risen by 44 per cent and 77.5 per cent respectively. In Tasmania, however, the corresponding rise is given as only 4.8 per cent.

Another comparison Hutchinson makes is of the average income in the land value taxing states compared with the other states, received by non-property owners having incomes high enough to require them to submit a Commonwealth income tax return. The figures here were only slightly favorable to the land value taxing states, but the author shows that the proportion of persons receiving these higher incomes is considerably greater (40 per cent greater) in the land value taxing states.

Comparing money wages in factories paid in the first group of states with those paid in the second, he finds them larger in the first group, and larger in purchasing power.

Mr. Hutchinson's figures show, also, a considerably larger increase in value of plant and machinery in factories in the first group of states than in the second. In two of the second group there were actual decreases.

"One of the most delicate tests of whether conditions are favorable or not in any country," says Hutchinson, "is the flow of migration. If more people are coming to that country than are leaving it we may be sure that the new citizens regard the prospects in their new home as better than those in the land they are leaving. Conversely, when departures exceed new arrivals, it must be regarded as an ominous sign in the development of any state."

The data show a net migration into the land value rating states between 1929 and 1938, per 1,000 of the 1929 population, amounting to 8.8, and an outflow from the other states averaging 10. The inflow for Queensland, the state with the highest level of land value taxation, is the greatest, 16.5. *All of the other states* (the "annual value rating" states) *show an outflow.* For Victoria this is slight. For both South Australia and Tasmania it is considerable, 29.1 per 1,000 and 15.5 per 1,000 respectively.

No doubt it can be questioned whether conditions in the two groups of states are sufficiently similar to make the conclusions reached, purely from the data given, wholly reliable. Some critical readers may question whether, despite the care taken by the author of the studies to select only cities similarly situated, even the conclusions drawn from the data on cities in the Greater Melbourne area should be taken seriously. But certainly the data presented, *pointing with almost complete,* if not complete, *consistency in the same direction,* make a sufficiently good *prima facie* case so that it would seem *inexcusable* for any professional economist *to refuse to examine carefully* and without antagonistic prejudice *the theoretical argument* for land value taxation. And in view of the seeming great advantage of the land value tax policy, there would appear to be little excuse for the failure of many economics teachers to present the relevant facts and theory clearly and with some completeness to their classes. Yet scarcely ever, in the economics courses at American universities and colleges—even in the course in Public Finance—is the theory of the subject—or any such relevant data—presented to students adequately, so that any considerable number of them get any appreciable understanding of what land value taxation can accomplish or why it can accomplish it. *Frequently neither the teacher nor the textbook mentions the subject at all,* —or they mention it only to make a few brief and unanalytical derogatory comments on it.

II

LAND VALUE TAXATION, if sufficiently high, makes it utterly unprofitable to hold good land out of use. It increases, therefore, the amount of land offered for rent or for sale. It lowers the rent of land and thus reduces for tenants the cost per month or per year of housing.

By making more good and well situated land available, land value taxation increases the productivity of labor or of labor and capital both. It thus tends to raise wages. And insofar as it makes possible the abolition or even the reduction of commodity taxes and other taxes resting largely on wage earners, workers are still further benefited.

Heavy land value taxation would make possible the abolition, among other taxes, of taxes on real estate improvements, on livestock, on machinery, etc. Thereby it would definitely increase the net per cent return on capital investment. This would almost certainly cause an increase of saving, and so of capital. But even if saving were not thus promoted, such a tax system would inevitably cause savings made in other communities to be invested more largely in the land value tax community or communities. And the greater amount of capital in any such community or communities would mean that labor could be and would be better equipped with capital *as well as* better provided with good land. Thus there would be *two* reasons for a *greater productivity of labor* and *higher wages.*

For all these reasons it is easier for a tenant to become an owner of land. *The rent he has to pay while he is a tenant is lower. His wages are higher. From these wages less is taken in direct taxation of his income or in taxation of the goods he must buy. He can save more easily. If he does save and invest, his net per cent return from capital, thus untaxed, is greater and this further increases his ability to save. The price of land is lower.*

Some writers have contended—for example, Prof. Lewis H. Haney[2] and, apparently, Prof. Willford I. King[3]—that, though the price of land is lower, the tax which the owner must pay on it annually is higher and that this offsets for him the advantage of being able to purchase it at a lower price.

But such writers consistently and persistently overlook some very important points. They overlook the great reduction—and it might be even the abolition—of many or most other taxes. They overlook the lower rent of land, consequent on the forcing of good unused land into use. They overlook, therefore, the fact that, even if the land value tax takes *all* the rent, this tax will nevertheless be lower for the ex-tenant owner than the rent was previously when he was a tenant. They overlook the fact that the (marginal) productivity of labor is higher, so that more of what is produced from the land is wages ("imputable" to labor) and less is rent ("imputable" to land). They overlook the effect of the land value tax system in increasing the amount of capital in the community or communities adopting the system, thus further increasing the productivity of labor and the wages of labor. And they overlook the effect of a higher net interest rate on capital, along with the lower land rent from forcing speculatively held land into use, in reducing the sale price of land by *more* than the capitalization of the tax at the old (and lower) interest rate. In short, *there are serious gaps both in their appreciation of the relevant economic facts and in their comprehension of the relation of these facts to the appropriate mathematical calculations.*

Obviously, the most ideal system of taxation would hardly suffice to

[2] In his "Value and Distribution," New York, Appleton-Century, 1939, pp. 736–7.

[3] "The Single-Tax Complex Analyzed", *Journal of Political Economy,* Vol. XXXII, No. 5, October, 1924, p. 609. Dr. King mentions the point herein criticised, as something that "a captious critic might assert" and perhaps he does not mean himself to assert it; but he seems to be seeking to make sure that the reader will see it stated and he does not offer any refutation of it. One must perhaps judge his meaning and intent from the general tone of his article.

bring as much productive activity and agricultural and manufacturing development in the Sahara desert as might come to a region highly favored by nature, even though the latter has a very bad tax system. But do not the Australian data which have been summarized herein, re-enforce the argument from theory? And does not the theory—which has long since been well and rather thoroughly worked out, even though various economists of reputation write as if they did not at all understand it—make the figures presented by Hutchinson seem entirely credible?

Yet teachers of economics continue to stress "the ability theory" of taxation and, in lesser degree, what they are pleased to call "the benefit theory" and appear to have, usually, no appreciation of the overwhelming advantages to a community or a nation, of making the annual rental value of land the first source and, in so far as reasonably possible, the chief source of taxation. The truth is, despite the sniping of an antagonistic economics professoriate, that, certainly within the limits of what a tax taking substantially all of the annual rental value of land would yield, such a tax would be *more advantageous even to propertyless wage earners* of small income, *than the most drastically progressive tax on earned incomes or on all incomes together,* and this *even though such drastically progressive income tax were to take nothing at all from such wage earners.* Then *why* should any economics professors plume themselves on their "liberalism" when they are putting chief emphasis on the "ability theory"? And how can they think of themselves as sympathetic toward the ordinary worker, when they persistently refuse to present fully and fairly to students who would eagerly listen, the demonstrable advantages of and the convincing arguments for such land value taxation? Or *are ambition, hard work, efficiency, and the willingness to save and invest,* so *deserving of punishment* that we should tax them *in preference to* taxing land values, *although the latter tax policy is better even for average and below-average propertyless wage earners!*

Is it, perchance, regarded as academically more "safe," or less "radical," for economics professors to emphasize a tax system that goes a considerable distance toward the Marxian ideal—"from each according to his capacity, to each according to his need"—than to emphasize land value taxation, *which is of the very essence of a truly self-consistent philosophy of free private enterprise?*

But perhaps most living economists, just because they have been trained by a generation or generations that rejected Henry George, have no real understanding of the land value taxation policy and feel under no

Why should we *not* raise questions about *who should have to pay whom* for *permission* to *work on* and *live on* and to use *the earth?*

The basis of the case for the public appropriation of most or nearly all of the annual rental value of land by taxation, is the fact that geological forces, not men, made the earth, and the further fact that the location advantages of land, in so far as they result from human activity, are a by-product of the activities and choice of habitat of many millions of human beings. They are not produced by one man or a few men. But capital—buildings, machinery, locomotives, livestock, planted fruit trees, ships—can be brought into existence only through work and saving.

There is a related distinction between the two kinds of income stemming from these two kinds of property. The difference between receiving income from capital which, without work and saving, would not even be in existence, and receiving income because one is in a strategic position to forbid others the use of a part of the earth which has been made desirable because of geological forces or community growth and development—*this difference is fundamental and profound.* What shall we say of learned professors of economics in whose economic philosophy—and in whose teaching and textbooks—it has *no place at all?*

At the University of Missouri we have many students who have done their first two years of college work elsewhere. *Almost without exception they have been taught nothing*—or next to nothing—*about this really fundamental and important reform* which, if either theory or the data we have from Australia mean anything, promises much in prosperity, and in hope for common folks, to any country that will adopt it. Are university and college students of economics *never* to have a reasonable chance to *learn anything about it in their college economics courses?* And then, if, *as a result* of such a condition, no movement for the public appropriation of the rental value of land or most of it, develops, will the economics professoriate adopt the added excuse that the reform is "politically impossible" here—notwithstanding what has been done in Queensland!—and therefore not worth while explaining to students? Will there continue to be *practically no chance to learn about it in college*—where, of all places, its study is most appropriate—so that college boys and girls will usually not learn anything about it unless they just happen to drop into one of the classes (taught as a labor of love by volunteer teachers who have other jobs to make a living) of the Henry George School of Social Science?

Francis A. Walker in this matter has shown any sign of having *really* faced, *ever*, these questions.

Economics teachers who are not so completely convinced of the rightness of F. A. Walker's point of view as to know in advance that further study of the matter is useless, might take the trouble to consult one or more of the publications referred to above!

In view of the frequent and numerous changes that have been made in taxation policies and tax rates, as well as in other economic policies, why should it be assumed that those who may have purchased *land* have made *their* purchases on an implied—and morally binding—"pledge" that the tax rate on land, as compared with other taxes, shall *never* be increased!

When, in 1913, the Pennsylvania legislature established the Pittsburgh (and Scranton) graded tax system, it provided that the city tax rate on buildings should become, in 1914, only 90 per cent of the rate on land; that in 1916 it should be 80 per cent; in 1919, 70 per cent; in 1922, 60 per cent, and in 1925, 50 per cent. This meant that to get the same revenue for the city, the tax on land values had to be gradually raised. If this gradual change had been continued by corresponding stages until 1940 and applied also to the taxes levied by other taxing authorities, such as the county and the school district, all taxes on buildings in Pittsburgh (and Scranton) would have been then done away with. Had a comparable policy been followed throughout the entire United States, or even any large number of the states, the land value tax rate would presumably be high enough by now in the territory so affected, to absorb for public use the greater part of the situation rent of land.

Did the Pennsylvania legislators, then, in passing this law in 1913, commit a *sinful act?* Was the passing of this law, *unlike* or *beyond* any *other* of the *many* taxation changes that have been made by our various legislative bodies, a "precious piece of villainy" and was its mere proposal "a project . . . steeped in infamy"! If not, how shall we account for the psychology of those professors of economics who seem able to accept with apparent equanimity all sorts of policy changes—some of them certainly unwise and wrong—but who greet any proposal looking to the eventual establishment of a land value tax policy with denunciation?

In any case, is not the expressed opinion of various economics professors that "society," which makes frequent changes of policy in other matters and frequent changes in tax policy and in rates of taxation, is nevertheless under a binding implied "pledge" *never* to move, *even by the most imperceptible steps,* in the particular direction urged by Henry George and already followed for some distance by Queensland,—is not this opinion *utterly silly?*

than in their own little group. When will they "snap out of" their coma?

It is my experience that students in the "principles" of economics (and in public finance, too) *are more interested in this part of the course than in any other part.* Individual students have informed me that they have heard about this topic as a part of the course and that they wanted to take the course especially for that reason. Any adequate presentation of this topic *reaches for fundamentals. It stirs discussion. It is dramatic. The students talk about it outside the class.* Only recently one of my best students told me that "the question of the land tax is *the most discussed question on this campus.*" *They endeavor to explain the theory of it to others* not taking the course. They *talk about it at home during vacation. Teachers who omit or "soft-pedal" this part of economics can scarcely hope,* if other things are at all equal, *to make their classes as interesting to their student customers.* No amount of money spent from the income of large endowments, to hire instructors or "tutors" to stimulate discussion in dormitories or other small groups, can compensate for leaving out of the work in economics *the most exciting and vital topics on which it can shed light.*

Recently a college teacher of economics told me that the economics students where he is teaching tend to accept "a mixture of Keynesian economics and traditional socialism." Other economics teachers, including one of considerable years and experience with whom I have discussed the matter, agree that this is probably a general condition in American colleges and universities. Certainly there appears to be reason to believe that in most of our institutions of college rank, students of economics who are inclined to social idealism—as many are—*tend toward one or another form of socialistic philosophy.* This, I believe, is *because they do not get,* from their courses in economics, *the vision they might get* of what a system of free private enterprise would mean to common folks, if it were so reformed as to make it *consistent with the principles appealed to by those who essay to defend it.* Such reform would, indeed, include much more than reform in our land and taxation system *but this it must certainly include.* There is tragedy in the fact that among those who have been lured into communistic activities, and even into betraying the interests of their own government to those of an alien power, are some *who followed communism because of their own social idealism* and who *might have been saved from this personal tragedy had the influence of our economics professoriate not been in the direction of discrediting and hushing up all serious advocacy of the public appropriation of the annual rental value of land.*

sense, the failure of the economists in our colleges and universities, to make clear to their students the cause and effect relations involved in the land value taxation policy, is *a betrayal of the interests of common folks, who had a right to expect from these teachers a guidance they have not received.*

"Political economy," wrote Henry George[12] nearly three-quarters of a century ago, "has been called the dismal science and, as currently taught, *is* hopeless and despairing. But this, as we have seen, is solely because she has been degraded and shackled; her truths dislocated; her harmonies ignored; the word she would utter gagged in her mouth, and her protest against wrong turned into an indorsement of injustice."

What are the chances that, among the present (seemingly) "lost generation" of professorial economists, any considerable number will reject *the illogical teaching of so many of the prestige names* in economics? What are the chances that any of this lost generation will re-educate themselves to an understanding of the land question? What are the chances that any appreciable number of them will earnestly strive to give their students a fundamental comprehension of "capitalism" *and* of the nature and significance of the reforms—*including reform of the tax system in the direction pointed out by Henry George*—essential to its beneficent operation? Some of them *can* do effective teaching along this line *if they want to. Who* among them—*and how many*—*will really want to?*

And what are the chances that there will be, here and there, a department chairman, or a president of a small college, who seriously believes that students at his institution *ought to have the opportunity* to gain *real understanding of the case for this important reform*—as well as, in general, of the advantages of a system of free private enterprise so reformed as to be consistent with the principles commonly appealed to in its defense? What are the chances that some chairman—or president—will want to have, in his department of economics, *at least one* teacher *really capable* of giving and *interested* in giving such understanding? What are the chances that such a chairman—or president—will not only *strive earnestly to get such a teacher* but will see to it that the teacher has *full freedom and opportunity* for adequate oral presentation, reading assignments and class discussion of the problem—to the end that against *that* university or college, at any rate, the indictment levelled in this paper shall not apply?

[12] In "Progress and Poverty," New York, 1879, "Conclusion." The passage quoted is on page 559 of the Fiftieth Anniversary edition, New York (Robert Schalkenbach Foundation), latest printing, 1948.

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