

ALTERNATIVE AMERICAS

By Mildred J. Loomis

## Henry George: Eliminating Land Monopoly

"One can count on the fingers of two hands those who rank with Plato, and Henry George would be among them." *Progress and Poverty* has been translated into at least thirteen languages. It was estimated that in the quarter-century before 1905, more than two million copies were sold, a larger market than the most popular novels of the time.

In 1897, Henry George was for the second time labor's candidate for mayor of New York. Four days before the election, he died. His funeral in New York City brought such an outpouring of mourners that it is said to have been the largest tribute ever paid a private citizen in the United States. The numbers of people, and the entourage, equaled that of the funeral for President U.S. Grant. On his gravestone were engraved his words:

Acceptance of the truth I have taught will not come quickly. If that were true, it would have been accepted long ago. But the voice of truth is mighty, and it will come. One day, justice and peace will flood the world, and people will treat land as their common heritage.

The land monopoly is not the only monopoly, but it is the mother of all monopolies. Where George's proposals have been even partially accepted, land sites have become more accessible, business improved, and market exchange freer. Denmark has changed its tax system in this direction under the leadership of the Justice Party, committed to land-value taxation. With it and thousands of cooperatives, Danish citizens have transformed their country into a flourishing, beautiful countryside, supporting a large population in health and comfort. Melbourne, Australia, and sections of New Zealand have flourished under land-value taxation.

Pittsburgh and Scranton, Pennsylvania, have long shown the benefits of a higher tax-rate on land than on improvements, and other cities are moving into this pattern. Southfield, Michigan, near Detroit, became a city of beautiful homes because of reduced taxes on buildings when taxation shifted to site value of land.

Henry George was preeminently a decentralist. Collecting social values of land reduces and would eventually eliminate the monopolies that manipulate profit, wages, and interest. Removing taxes from labor products would insure workers a larger share of the products and wages they produce.

HENRY GEORGE REPRESENTS another aspect of the decentralist framework. In the last half of the 1800s, he worked to define and eliminate land monopoly. He was born in 1839 in Philadelphia. As a child, he noted the squalor and misery of people in his neighborhood, alongside great wealth and riches. When he was fourteen years old, he left school to work in a store, and two years later he sailed to Australia as a cabin boy. Everywhere the ship docked he saw this contrast between wealth and poverty—in the Mediterranean ports, in Egypt, India, China, and the South Seas.

Henry George wondered whether such conditions existed in the American West, newly opened to white settlement, where people were washing gold from running streams. He went to California to investigate. There, too, he found destitution among beautiful buildings and spacious homes. Poverty amid progress was the enigma of modern times. Why was this? He resolved to discover the reasons, and a solution.

As a printer, reporter, and finally editor of West Coast newspapers, Henry George pondered and reported on the disparity of wealth among people. One day, at the edge of San Francisco, he looked for a bit of land on which to build a home for his family. In an open area, with no houses in sight, he asked a man the cost of an acre there. "One thousand dollars," the man answered.

"A thousand dollars for mere space—a vacant acre on which no work had been done," George remonstrated. "I work for a low wage. Why should I give my earnings and my labor to a holder of land who has done no work at all?"

George found in this incident a clue to poverty in the midst of plenty. Workers had to pay nonworkers for space to live. He editorialized on this and waged a vigorous campaign against government grants of land to railways. The railroad companies bought a controlling interest in his newspaper and forced him out. The extraordinary rise in California land

income. To collect land values for community use, and to remove taxes from buildings, would benefit farmers and homeowners, whose values in buildings, equipment, and capital are usually higher than in land values. It would encourage the use of land. The use of land would move up to that yielding more than subsistence, and thus raise the general wage level for everybody. Access to land would be without purchase price. Shortly poverty would be eliminated. Liberty and freedom would be advanced.

George presented an alternative both to finance capitalism and to Soviet communism. George differed from both Adam Smith and Karl Marx. Adam Smith would individualize rent, wages, and interest. All three would go into private, individual, and corporate hands—classical capitalism. Karl Marx would socialize rent of land, wages, and interest; all three would go into the hands of the state, i.e., communism.

Henry George would socialize only the rent of land—that is, its fertility and its site value. Use-title to land would remain in the users' hands, as would wages and interest. But wages and interest would result from free action in a free market. Only rent of land would be used by the local community or local government, with all taxes removed from improvements, buildings, and labor products.

George wrote, published, and campaigned valiantly in England, Ireland, Australia, New Zealand, as well as in the United States. Favored by labor, he was candidate for mayor of New York City in 1886. He was defeated, it was reported, by Tammany Hall. He was always the center of controversy. Catholic prelates thought his teachings so contrary to established doctrine that, in 1887, they excommunicated Father Edward McGlynn because of his active support of George's ideas. The Holy Office ruled in 1889 that *Progress and Poverty* was "worthy of condemnation," which meant that bishops could forbid its reading to Catholics in their jurisdiction. Pope Leo XIII wrote "On the Condition of Labor," directed against land reformers. In response, George wrote a long monograph, "The Condition of Labor: An Open Letter To The Pope," so lucid an explanation of the relation of land monopoly to poverty that one Catholic bishop said, "Next to the Bible, Henry George's writings lay claim to my devotion for expressing laws of love and justice." In a rare turnaround, the Church reinstated Father McGlynn in his parish.

Henry George also wrote *Social Problems* (1883), *Protection or Free Trade* (1885), *A Perplexed Philosopher* (1892), and *The Science of Political Economy* (1898). But it was *Progress and Poverty* that placed him in the front ranks of radical thinkers and won many enthusiastic followers, including Leo Tolstoy. It has been used as a university text in logic, so clear is its development from premise to conclusion. John Dewey said,

values at the completion of the railway confirmed George's contention that poverty was related to, indeed was caused by, modern industrial progress.

After years of thinking and writing about the land problem, George published his monumental *Progress and Poverty* in 1879. It was soon to become the most popular and influential book on economics in its time. With pervasive logic, George discussed the nature of land and land values.

George reminded readers that land is uneven in fertility and quality. On good land, a given amount of labor will produce much; on other land, the same labor will produce less; and on still other land, equal labor will produce little or, in some cases, nothing.

When all land is free (as it was for "settlers" who had displaced the native nations), those acquiring land will take the best first. And most people will take more than they need—holding some of it for the future. To hold land idle without using it, George pointed out, is to "withhold" it from others who need it.

George stressed the ethical challenge in this situation. Who, for instance, should have the best, the good, and the poor land? Obviously, those on the best and good land have a natural advantage not shared by those on poor land.

In addition to a difference in fertility value, land acquires a difference in site value or location value. Where people congregate, the value of land rises. The site value of land goes up in proportion to the industry and jobs available near it. In the same way, land-site value increases as public services are made available to the residents on it—for example, as churches, schools, libraries, streets, public services, and utilities are at hand.

George proceeded to show the effects of "rent" on the general wage level. Rent is the difference between the production on the best land in use and the production on the poorest land in use. As population increases push people to less and less productive land, wages will tend to decrease to subsistence level. Then people appeal for charity and government support. Government unwisely seeks to deal with "poverty" by parity, subsidies, pensions, social security, etc. In fact, as George pointed out, the solution to poverty would come only once the land problem was solved.

Since public services largely create the value in land, Henry George proposed a double-pronged solution: Let the local government collect the rent of land to pay for all public services, and remove all taxation from labor products, improvements (buildings, equipment, etc.), sales, and