

**HENRY GEORGE: HIS IMPACT AND AN EVALUATION OF HIS
RELEVANCE TODAY**

by

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and

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FOREWARD

This monograph contains the results of a survey of business professionals and economists. It is hoped that as an experimental study it will serve as a basis for further research on the topic: The Relevancy of Henry George Today. The two groups (business professionals and economists) were chosen because it was agreed that these segments had considerable influence on policy issues and changes in the American society. Research should be conducted on other groups in the future.

Why, a century after George's main writings were published -- and, to judge by the wide sales, popularly received -- should we still be interested in them? Why, when popularity acquired by many philosophers is eclipsed by new fashions, are the works of this writer still published and carefully evaluated? The short answer is that the philosophy Henry George sought to promote has an enduring quality which is close to the hearts of most people: a philosophy which emphasizes the ideas of freedom, justice, and truth.

The authors were assisted by Dr. James Gould, Associate Professor of Marketing, and Mr. Robert Romano, a Research Assistant. Ms. Diana Powell Ward helped in editing this monograph and the five essays written on George. We thank them for their efforts. We would also like to thank the Board of the Schalkenbach Foundation for its support of this study. A special thanks to Dr. Gabriel Kerekes, Dr. Oscar Johannsen, Dr. Thomas Larkin, and Mr. Lancaster Greene.

T. H. Bonaparte
John E. Flaherty

Introduction

Briefly stated, the mission of the Robert Schalkenbach Foundation is to perpetuate the memory, communicate the principles, stimulate intellectual critique, and promote the relevance of Henry George. Although Henry George has been dead for almost a century, his pertinence continues for two principal reasons: his celebrated and controversial single tax remedy and his position as a major reform figure in Western Civilization dedicated to the removal of social abuses and the improvement of the human condition.

Although the substance of George's economic, social, and ethical ideas has stood the test of time, the implementation of the Foundation's objectives requires periodic review as social perceptions change from generation to generation. As the Foundation enters its seventh decade of existence, it seems appropriate to examine these goals in light of altered circumstances and the changing perceptions of its various constituencies.

For example, over the past two generations, the world has been dramatically altered by new trends and issues. Among the factors producing new realities are: scientific breakthroughs and sophisticated technology, innovative entrepreneurial activity, decline of smokestack and rise of hi-tech industries, the educational revolution and the exponential growth of knowledge, the rise of activist government, the colonial revolutions of rising expectations, emergence of the global economy of economic interdependence, unprecedented ecological

pressures, new patterns of wealth distribution, and demographic and geographic mutations, to cite a few. Moreover, the disarray in contemporary economic theory mirrored by the failure of Keynesian remedies suggests a return to the fundamentals of economics, as advocated by George.

In short, the challenge of keeping the spirit of George alive in a world of accelerating change and complex social problems infers new approaches of tactical implementation. Moreover, as a general rule, the passage of time tends to diminish the identity, stature, and relevance of most intellectual figures. For example, most of George's contemporaries and leading economists of the nineteenth century have faded into the misty limbo of history.

George was acutely aware that dynamic conditions overtake individuals and institutions. As he perceptively noted, any organization defending yesterday risks the perils of stagnancy and fossilization. Rather than support the status quo, he preached the doctrine of creating "social adjustments" in order to navigate the shoals of institutional change. In short, periodic assessments are important in any organization aspiring to the effective fulfillment of its objectives.

It was in this Georgist spirit of looking at itself and its constituencies in light of changing conditions that the study of George's image in today's world was undertaken. It was not the intent of the study to conduct an in-depth scientific marketing survey. Instead, the study was conceived as an impressionistic survey among selected demographic segments (business professionals and economists) in order to determine the awareness

and possible current relevance of George. The evidence and findings of the study may help guide the Foundation in its future decision making.

It should be noted that numerous grants and educational programs have been funded by the Foundation. Since George was an advocate of "social adjustment" as a means of establishing change and his ideas were germane to the economic and institutional environment of the last quarter of the nineteenth century, it is felt that some programs advocated by the Foundation today can stress appropriateness and timeliness of George's ideology.

Methodology

The first market segment was of the general business community. It represented a broad spectrum of various occupations, job titles, and ages. The second segment, members of the American Economics Association, was more homogeneous in composition. It was comprised of educators, business leaders, politicians, and governmental/academic economists. Selection of respondents in both groups was random. Sixteen hundred people were surveyed in the first segment and over 2500 were contacted in the second. Although the sample size surveyed was large, the findings must be interpreted with caution as they may not be reflective of all people in the segment.

Interviews were also conducted with twenty-five important business leaders and academicians (ten business leaders and fifteen academicians). Their comments are included in the

"Selected Quotes" of this Report. The use of the respondent's name was made optional.

As noted earlier, the study should be considered exploratory rather than conclusive in nature. In addition to identifying the perceptions and ascertaining the relevance in the academic and business communities, it is also hoped that insights might emerge for the Foundation in developing new strategies, focusing on specific target audiences, and producing new methodologies to influence these two key constituencies.

Business Professionals

A convenient sample of 1600 people residing or working in New York City, Southern Connecticut, and Northern New Jersey was conducted. The population was considered to be a "general" audience because it included a variety of industries and job level positions. Questions were designed to determine respondents' general level of awareness of who Henry George was, their knowledge and understanding of his ideas, and their perception of his relevance today.

Responses from this general population are beneficial in ascertaining the current level of awareness of George's ideas and suggesting new programs for development to gain acceptance and implementation of his ideologies. Questions were grouped into two classifications. The first sought demographic information about the respondents (age, occupation, and university attendance). The second gathered information about the respondents' knowledge about Henry George.

Demographic analysis revealed that the respondents were well educated, representing over 200 educational institutions throughout the country. They had a college degree and many had, or were working on, a second college degree. The academic background of the respondents was also diversified. While most majored in a business subject (30 percent), others had a history, economics, political science, natural science, or a legal background. Ages of respondents were predominately in the 20-to-35-year range (making up 78 percent of the sample). This age cohort has important implications to the Schalkenbach Foundation,

because it constitutes the demographic nucleus for preserving and furthering the teaching and ideologies of Henry George in the future.

The responses indicated an abysmally low level of awareness or knowledge of George and his ideas, suggesting that today's educational institutions are not placing adequate emphasis on George in their curricula. Consequently, those graduating have not been exposed to the principles of George. Such exposure during one's college training is essential for the acceptance of George's ideas and survival of his views into the next century. The respondents' knowledge of who George was and his primary writings was best described as nonexistent. Of the 1600 respondents, 93 percent had no idea, nor did they venture a guess of who he was. Two percent did not know, but incorrectly guessed, and 5 percent were able to correctly identify him.

When asked what the major writing or works of George were, 99 percent had no idea. When asked what his key ideas were, 97 percent did not know, and 3 percent felt it had something to do with land.

Conclusions that one might draw from this survey of business professionals are that:

1. George has been virtually forgotten in the business community.
2. His ideas are apparently no longer being taught in colleges.
3. Business professionals are not applying any of his theories.
4. Unless something is done immediately, George will have the same fate as many of his contemporaries -- a footnote or quarter-page reference in tomorrow's textbook.

Selected Quotes of Business Professionals

- For agricultural land I think that George has no relevance for policy. How much of the value of land is capital and how much nature? Who can separate them? In agricultural land the allocative function of rent is much greater than in the developed city.
- Absolutely no relevance. A totally inadequate source of revenue since before WWI.
- Quasi-rents exist for many assets, not only land.
- We are currently reviewing the present system of taxes. A little research on past proposals may prove helpful, i.e., provide us with a sense of perspective.
- His ideas never were used as the foundation for developing the ideas of taxation, and now have been eclipsed by other work.
- His famous Single Tax solution hides the complexity of his analysis.
- Ascertaining true Ricardian rent is difficult.
- Tax on unearned surplus land has validity today as applied to urban, not rural land.
- Henry George's idea was that taxing a resource whose supply has zero elasticity does not have allocative effects. His followers have treated land as if it were such a resource and the only such resource. Neither is true.
- Most wealth is in other forms in an industrial society.
- Rents account for less than 2 percent of GNP, government accounts for 30 percent.
- The single tax isn't politically possible.
- The implementation of such a policy encounters noneconomic problems.
- George's ideas should aid present-day understanding of other oversimplified and myopic tax reform proposals.

- He has some relevance today for we have not solved the problem of poverty amidst plenty.
- Henry George could not conceive of government expenses as they exist today.
- The idea could also be applied (it was not by H.G.) to other nonrenewable resources.
- George was one of the few nineteenth century Americans to contribute to economic theory.
- Land was the asset of choice through the mid-twentieth century.
- I made a modest effort to familiarize myself with the single tax years ago and concluded it was not helpful as a revenue source. I must confess I have not thought about it in years.
- His objectives of raising revenues with a tax that did not affect incentives was enlightened.
- In a time of debate over the system of taxation, his ideas should be given consideration.
- I don't know what his ideas are. (I have a Ph.D. in Economics from Harvard, mid-seventies).

The American Economics Association

The second survey conducted throughout the country was composed of 2500 members of the American Economics Association. The Association has about 120,000 Economists (academicians, politicians, business leaders, and students). Sixteen percent, or 410 people, responded to the survey.

Questions were again grouped into two classifications. The first sought demographic information (occupation and job title) about the respondents. The second solicited information about the respondents' knowledge of Henry George.

Demographic analysis of the responses indicated that the respondents were engaged in a variety of careers. Seventy percent taught at the university level, 10 percent were business economists, 10 percent were general and/or governmental economists, and 7 percent were retired, having jobs which were indicative of policy-making positions, in not-for-profit institutions.

Among the economists, the knowledge of George and his ideas were a startling contrast from the responses given by the general business survey. Almost all respondents (90 percent) knew who Henry George was. Most classified him as a thinker, economist, or humanist of the last century. When asked what his major role was, 90 percent responded: the single tax on land. Many answered this question with responses suggesting an in-depth knowledge of his tax theory. Other ideas attributed to George pertained to wealth distribution among various social groups, free trade, and community-related needs. Some felt that he was a

forerunner of the socialist thinkers. Only 4 percent of the respondents were unable to identify any of his ideas or major works.

When asked if his ideas were relevant today, the group was evenly split between those who felt they were relevant (37 percent) and those who did not (33 percent). Clearly, this indicates that greater education would increase the 37 percent. Those who thought George to be relevant felt him to be so in the following areas: tax incidence, social analysis, land economics, general economic theory, aid for developing countries, redistribution of wealth, and understanding the causes of social-economic inequalities.

Respondents feeling George to be irrelevant cited the following reasons: a single tax would not generate adequate revenues; it would be a difficult tax to implement; and land is no longer as important to our country's wealth and development. Further insight into the relevancy of George's ideas was gained by correlating the respondents occupations/professions to their answers. Generally, academicians (75 percent) thought George to be most relevant, while 15 percent, in total, of the practicing business-governmental economists and businesspeople thought his ideas to be relevant today. Similar observations were made with respect to other responses. Generally the academicians (75 percent) identified correctly the major ideas of George compared to 20 percent, in total, for practicing business-governmental economists and businesspeople.

One can draw from the survey of the members of the American Economics Association that:

1. Over 90 percent knew who Henry George was. George was identified as an economist or political-social reformer by the majority of respondents.
2. Ninety percent of the respondents felt that George's major work related to taxes on land. Many respondents gave detailed explanations of his single tax theory, suggesting more than a passing familiarity with his ideas on land taxation.
3. Free trade, land reform, and explanations for the current social-economic inequalities were cited as current topics where the ideology of George would have relevance today.
4. Familiarity with George, his ideology, and perceived relevance varied greatly by the respondents' occupations. Overwhelmingly, academicians knew who George was, knew in detail his ideas and writings, and felt he had the greatest relevance in today's world. Significantly fewer (15 percent in total) practicing economists (business and government) and businesspeople responded with similar knowledge and understanding of George.

Selected Survey Responses of Economists

● What are Henry George's key ideas?

His theory is essentially classical -- almost Ricardian -- but by emphasizing the inelasticity of land, he arrives at his proposal for the single tax on unimproved site value.

Do you think that he has any relevance today?

Not especially. Anything of value in his approach has been absorbed by general economic theory. (He contributed a great deal to my own education in economics, because Progress and Poverty was one of the first economics books I read -- but that was more than fifty years ago.)

University Professor of Computer
Science and Psychology (but formerly
an economist), Nobel Prize 1978
Herbert Simon

● What are Henry George's key ideas?

The notion that a tax on land, rather than a tax on income or capital, is ideal because it causes no distortion in resource allocation and because it is equitable since the landlord contributes little to the economic progress from which his rents derive.

Do you think that he has any relevance today?

Yes, but it is very limited.

Why?

It is relevant for the debate on land vs. property taxes as a means to improve urban quality of life. However, no government could survive on a single tax on land since rent is so small a part of GNP.

Economist, Professor of Economics,
W. Baumol

● What are Henry George's key ideas?

Population growth and the concentrations made possible by improved transport and communications increase profit-making opportunities in the use of urban and suburban lands, and hence, constantly increase its value. Such land values are socially, not individually, created and should be recaptured by society. Such a tax would meet society's needs, and obviate the need for any other form of taxation. Hence, "the single tax."

Do you think that he has any relevance today?

Yes, I do. The basic analysis was correct and remains so. Although an unqualified attempt to recapture socially created

land values would undoubtedly create many inequities for those who acquired land at prices which passed onto others a substantial part of their present value, special provisions could be made to ease or minimize such difficulties. Neither would it be necessary to rely solely on the single tax.

Why?

Henry George's idea may have a special value for public policy in the so-called developing countries. By purchasing cheap land on the periphery of their now rapidly growing urban centers, local and national governments could make giant steps toward solving their future fiscal problems. (Note: I am intrigued that someone should now be engaged in examining this question. The only major economist I have known to be seriously interested in Henry George was Herbert Joseph Davenport, with whom I studied at Cornell University in the late 1920s. More power to you!)

Retired Economics Consultant

● What are Henry George's key ideas?

That land values and/or rents are the appropriate object of taxation since they were created by the general development of society rather than any individual effort.

Do you think that he has any relevance today?

Has some relevance for local property taxation particularly in connection with urban redevelopment efforts.

Chief Tax Economist -- Ways and Means Committee

- What are Henry George's key ideas?

All taxes on land.

Do you think that he has any relevance today?

Yes.

Why?

Useful for class discussion, to then examine impact of elasticity of the tax base and distortionary effect of taxes on resource allocation.

Professor of Economics

- What are Henry George's key ideas?

That there should be only one tax; namely on land.

Do you think that he has any relevance today?

Yes. A land tax would be easier to administer, unevadable, and, once food prices have adjusted, neutral.

Why?

The IRS is a Fascist/K.G.B. mess!

Professor of Management Science,
Research in Mathematical
Applications to Management
(decision analysis); Consultant

- What are Henry George's key ideas?

I have not had any occasion to read any of Henry George's writings or to review his key ideas since the mid-1940s. I remember him as a person who developed the idea of the single tax on property.

Do you think that he has any relevance today?

In today's need for tax simplification, perhaps the single tax may have merit! In the study of economic thought, Henry George has a place. His ideas seem to me to have practical relevance today only as a tool for analysis of accepted pre-suppositions. Because of the way a single property tax would focus on an examination of where the real burden of final incidence is borne, it cuts through the intricacies of our present tax structure and promotes lucid thinking about what taxes are really accomplishing.

Why?

As a practical method of taxation, the single tax could not be a fair tax only on condition that property owners and others had an equal influence on pricing of labor, raw materials, and finished products. In the real world of today, landowners, especially of agricultural land, would have no real way to stand up to industry. As a result, they could not pass on the "cost" of the tax to others who benefit from government services. The single tax, therefore, seems to be an intrinsically unfair approach to taxation.

Retired Clergyman

● What are Henry George's key ideas?

Concept of the single tax, of course, but more so as a critic of the concentration of wealth and power during the late nineteenth century.

Do you think that he has any relevance today?

I do not see advancing the single tax cause *per se*, but an overall assessment of George with an emphasis upon his role as a social critic is warranted. Also the influence he has had, here and abroad, on both the history of economic thought and the social protest movements justify this exercise in the areas of economic history and the history of economic thought.

Professor of Economic History and
Business History

- What are Henry George's key ideas?

Land value tax.

Do you think that he has any relevance today?

Yes. While it is a limited revenue source, it is a neutral, if not a most desirable, source. Differential rates of land and improvements still seem to me both possible and desirable.

Anthony Zabarkes, Vice President
Real Estate Management and
Development

- What are Henry George's key ideas?

Single tax on land.

Do you think that he has any relevance today?

Yes.

Why?

If increases in land values are due to externalities, which many are, a tax on sites is nearly the optimal tax.

L. D. Taylor
Professor of Economics

- What are Henry George's key ideas?

That rent is functionless and a large source of tax revenue.

Do you think that he has any relevance today?

Yes, great relevance.

Why

Land rents are valid and could, if fairly treated by economists, alter both the balance of analysis of payments (i.e., the equity question) and the basis of taxation.

W. G. Shepard
Professor of Economics

- What are Henry George's key ideas?

It is many years since I have read Progress and Poverty. I recall being impressed by it, but all I can remember is the single tax. But I know it contained much more than that -- indeed, a system of economic theory.

Do you think that he has any relevance today?

It is difficult for me to say, since I remember so little of what George said. The single tax is not a very interesting idea. Land is not the only scarce commodity. We pay rents for scarce human capital, as well as physical capital. If we are going to tax away all profit on a piece of land at 57th Street and Fifth Avenue, we should level a confiscatory tax on Michael Jackson or Lee Iaccoca.

Why?

Nonetheless, it might be a good idea to revive Georgian doctrine today in its entirety. After all, he was one of the few original American thinkers, together with Wesley Mitchell and Thorstein Veblen. But I do not think that his doctrines will contribute to solving our budget problems.

Professor of Economics

● What are Henry George's key ideas?

Rent and increases in land values are forms of unearned income. Private ownership of land is the underlying cause of poverty. Incomes from landownership should be taxed 100 percent. This income to government would defray all expenses of government and eliminate the need for all other taxes.

Do you think that he has any relevance today?

It was the basis of much social and economic theory. It destroyed colonialism, disrupted landed estates, and reduced most societies that adopted it not to the greater level of living for the masses, but in many cases, greater poverty and deprivation for the masses. Was the seizure of land the solution to the problem for the masses? Is not the seizure of land by government and its redistribution an application of a 100 percent tax? Is there land owned and held privately or for productive use in the U.S.S.R. or under its Constitution?

Emeritus Professor of Economics

● What are Henry George's key ideas?

The price elasticity of supply of land is zero. Thus, a tax on the rent of land would have no effect on factor supply and no effect upon the size of or composition of national output. With respect to equity, the growth of society is what gives value to land, thus society may take away the value of land through a 100 percent tax on the rent of land.

● Do you think that he has any relevance today?

Supply-side economics is related to factor supply by a lower tax rate on income from labor and capital. Henry George would arrive at the same goal by selecting a price inelastic supply of land for taxation. There is a sense in property taxes in land, lower taxes on structures. Income taxation for uniquely endowed persons or any persons whose income consists largely of economic rent has the same nondistortionary advantage as taxation of land. In the teaching of introductory economics, the presentation of Henry George is a useful device for presenting the ideas of supply elasticity of economic rent.

Professor of Economics

● What are Henry George's key ideas?

Progress and the elimination of poverty possible with a single tax on land that would absorb all rents.

Do you think that he has any relevance today?

Yes. George was incorrect in assuming rents to be the only source of unearned income. But I still consider his key idea to be relevant.

Why?

A single tax on land per se is not called for. But the related notion of increasing taxes as property deteriorates and reducing taxes as it improves -- the reverse of the property tax structure -- would enhance economic growth and development. The burden of the tax would then be greater on unimproved land as opposed to land properly developed. This concept could be applied to agricultural, horticultural, and other uses of land, not just buildings.

George R. Averitt
Vice President/Publisher

- What are Henry George's key ideas?

Henry George's "single tax" which would tax the increase in land value was not the first such proposal. It had been proposed in France by Quesnay, Turgot, Condorcet, and DuPont. George was an idealist whose ideas were the opposite of those of Herbert Spencer. The single tax would achieve other forms of production and value added taxation, would increase the amount available for wages, and would reduce the number of people living in poverty.

Do you think that he has any relevance today?

George certainly has relevance today. We have followed the ideas of the true remedy increasingly in our policy making for at least the past 50 years. Any conflict with the ideas of George and today's liberal thought is only the degree to which such ideas are applied. He did not really like the term "single tax" because it did not fully express his liberal economic philosophy. However, he couldn't think of a more appropriate terminology. In

my opinion, we have been going through a nonviolent revolution toward further achievement of George's "the true remedy," although President Reagan's administration has slowed the pace of the revolution.

Why?

Most economists, at least those who focus on liberal philosophical theories, propose policies in accordance with George's ideas with the exception of the single tax idea. However, if the single tax is taken as a prescription for adequate taxation, fiscal restraint, and fairness in the burden of taxation it may be considered quite modern and normal. Also, most of the ideas in the first draft of the Catholic Bishop's Pastoral Letter on the Economy are remarkably close to the ideas of Henry George.

Retired Professor of Business
and Economics

- What are Henry George's key ideas?

Principally that land ownership should be the sole basis for taxation. That idea may have had merit in his time, when income was primarily derived from land ownership, and very little income came to those who owned no land.

- Do you think that he has any relevance today?

The relevance is much less today, when fortunes are made quite independently of land ownership. The computer industry is an example. A rented office may be adequate for a conglomerate or holding company, and millions of Americans receive good salaries while renting apartments.

Why?

This is not to say our present income tax is sound. It is abominable. A flat rate tax of 10 percent should be substituted. The main purpose is to restore incentives for sound investments rather than nonproductive tax shelters.

E. D. Bovet, Retired Government
Economist

● What are Henry George's key ideas?

All taxes should be real estate taxes. Since quantity of land is fixed real estate, prices represent surplus. Thus, taxes on real estate will not result in economic distortions in the market.

Do you think that he has any relevance today?

Some.

Why?

Interesting, concise, easy-to-explain model to illustrate the problem of market distortions. Unfortunately, it is based on the false assumption that real estate cannot be increased (improved).

Economist; Administrator; Vice
President for Finance

● What are Henry George's key ideas?

The most important idea I associate with Henry George is the single tax as expounded in his famous and extremely well-written book, Progress and Poverty. The proposal to tax the unearned increment arising from the appreciation of land values as a result of population growth and without any discernible relation

to the efforts of the owner was later incorporated in the idea of the special assessments levied by many of our cities on private property owners who have benefitted by public improvements. The tax on capital gains in our Federal law is also based, in my belief, in part on conceptions deriving from George.

Do you think that he has any relevance today?

Apart from the points made above, I am inclined to think that George's hypothesis that the unearned increment on land values was the root cause of business cycles and the taxation of that particular capital appreciation would eliminate business booms and depressions contains only partial truth or validity. One could explore the relation of the unearned increment to the high propensity to save in the nineteenth century relative to the fluctuating inducements to invest 'a la Keynes, but I believe that form of capital accumulation was only one factor contributing to the stability of business enterprise in the nineteenth and twentieth centuries.

Why?

I think that George's belief in the single tax as a panacea is an illustration of a point that Dudley Dillard has made especially well in his article, "Revolutions in Economic Theory," Southern Economic Journal, April 1978, pp. 705-724, to the effect that "the principles of economics are always on the road to obsolescence. They become decreasingly relevant to the new problems that emerge with the passage of time. . . ." I quote Dillard in my recent biography of John Maynard Keynes (Macmillan,

1984, p. 202) and I think that Keynes' thought has to be assessed also from the perspective of our times, the 1980s, rather than that of the 1930s in which he wrote. That applies equally to Henry George, meritorious as he was, in his day.

Charles H. Hession, Retired
Professor Emeritus of Economics

- What are Henry George's key ideas?

Single tax movement on rent.

Do you think that he has any relevance today?

As land, rent in this country as a GNP component is insignificant. However, it could be applied to human capital (a) for a set period of time after college graduation to repay mushrooming education expenditures, (b) to replace malpractice insurance in the medical sector controlling medical supervisory distribution distortions.

P. S. Elek, Professor of Economics

- What are Henry George's key ideas?

That land rents should be taxed so as to be the sole government revenue source (single tax), because they are so-called "unearned increments," as per Ricardo and J.S. Mill. Hence, wages and profits, which were "prices" for labor and capital, could be untaxed. In his way, George was a "supply sider."

Do you think that he has any relevance today?

Yes and no. The case for land taxation per se is stronger to the extent land-value is a function of government -- provided

improvements -- e.g., roads, sewers, water facilities, etc. Hence, property taxes make sense. The same argument can also be extended to human capital. Hence, a "net worth" tax has merit. But this is a far cry from the exclusive focus of George on the so-called Ricardian rent.

Why?

The Ricardian rent, as an unearned increment, is the foundation of George's model. This is actually an ill-defined concept. Most economic development, including mineral exploration, is motivated by the quest for such rents. Hence, there is a severe practical matter of identifying such rents.

J. A. Starkfind, Senior Economist

● What are Henry George's key ideas?

Policy: Single tax.

Principle: Pure economic rent can be taxed without affecting allocative efficiency.

Do you think that he has any relevance today?

The principle is valid. It is, however, a theoretical concept which may only apply to the locational component of land value. The policy suffers from extremely large administrative costs.

Why?

Henry George picked up from someone (I have forgotten who -- Ricardo perhaps) the idea that land was God's/Nature's gift to humans. This concept was two-dimensional; only land surface was considered; sort of a "space occupied" concept. This land could

be neither increased/enlarged nor decreased/shrunk. (Chemical/radioactive contamination, land-fill operations on lake/sea margins, and draining of swamps all demonstrate the weakness of that assumption.) Thus, taxing the "surplus" rent would not influence the allocation of that land. To understand market-determined land value (or land rent) requires a three-dimensional space. While George allowed for surface soil chemistry and some locational aspects, if my memory is correct, it is not clear that mineral resources beneath the surface, air-space, or solar access were a part of his analysis. Externalities and the implicit three-dimensional character of land limits the usefulness of George's principle. Also, note that if you limit the concept to "walking space for humans," then you don't count multi-story buildings, and George acknowledged that the pure rent for buildings is zero.

Administrative cost: The basic idea was to tax in such a way that the allocation of privately held resources would not be affected by the tax. How does the government know what the pure rent is? If more than the "pure rent" is charged as a tax, then land use is affected. Is this misallocation better than other misallocations from alternative tax mechanisms? One owner's surplus rent may not be another person's surplus rent for the same piece of land. When land changes ownership, how does the government know what new tax to charge?

George's principle and policy are, in my view, very useful. They demonstrate how you can take a valid principle and create a faulty policy.

Richard L. Mills,
Associate Professor of Economics
& Business

- What are Henry George's key ideas?

Taxes on land should be used to transfer economic rents from the private to the public sector -- a key economic idea. His key intellectual idea (social impact, history) -- was social protest.

Do you think that he has any relevance today?

None, if writings are taken literally. A lot, if we are to understand how current social protesters got their ideas.

Why?

Economic reasons -- land tax does not solve problems of (a) rating land to best use, (b) efficiency or value of use of revenues in the public sector, (c) monopoly analysis is outdated. Social protest -- class analysis is simplistic, unreal. His conclusion that "progress" widens the gap between the privileged and unprivileged is obviously wrong.

Professor of Economics

- What are Henry George's key ideas?

(a) George's reformulation of the Ricardian theory of rent: "The ownership of a natural agent of production will give the power of appropriating so much of the wealth produced by the exertion of labor and capital upon it as it exceeds the return which the same application of labor and capital could secure in

the last productive occupation in which they freely engage." (George, p. 169) (b) "In every direction have the laws of matter been revealed . . . (The) effect upon the production of wealth has been precisely the same as an increase in the fertility of nature. What has been the result? Simply that landowners get all the gain. The wonderful discoveries and inventions of our century have neither increased wages nor lightened toil. The effect has simply been to make the few richer; the many more helpless" (George, p. 551). And this would be repeated in the future if still greater productive powers should come into being (in the future): "The new powers streaming through the material universe could be utilized only through the land. And land, being private property, the classes that now monopolize the bounty of the Creator would monopolize all the new bounty. Landowners would alone be benefitted. Rents would increase, but wages would still tend to the starvation point" (George, p. 550).

Do you think that he has any relevance today?

Not in the sense that his panacea has any relevance. Given the structure and complexity of the modern industrial society, nationalization of rents would simply not result in a removal of all the evils that were depicted so dramatically by George.

I do believe, however, that his Ricardian ideas about rent could be recast as a countervailing "theory of the rent-seeking society." Neo-Austrians, students of public choice, and other economists ideologically committed to laissez faire, have developed a so-called neoclassical political economy that is

based on a theory of rent-seeking and directly unproductive profit-seeking activities. This latter-day version of neoclassicism conceives of rent-seeking "as activities of monopolization," or efforts to procure the shelter of the state from competition and thereby to earn monopoly rents," or as the "activities of getting a monopoly (from the government) or getting some other government favor," or "as the use of resources in attempts 'to achieve government granted monopoly, change regulations in favor or protect yourself against these activities'" [Samuels, p. 56].*

Why?

Because I believe that by taking off from George's notion of the causes of, and institutional basis for, rent-seeking, a more realistic conceptualization could be made of reality so that it might be possible to explain analytically that government action might actually increase efficiency and welfare.

Professor of Economics
Hans E. Jensen

• What are Henry George's key ideas?

A large fraction of the income flowing to owners of land represents an economic rent. This rent can be taxed with little, if any, consequences with respect to the supply of land. Considerable revenues would be generated with such a land tax,

*Note: References are from George's Progress and Poverty and Warren J. Samuels' and Nicholas Mercuro's Neoclassical Political Economy: The Analysis of Rent-Seeking and DUP Activities.

and this tax would be more efficient than other forms of taxation which induce some sort of response.

Do you think that he has any relevance today?

The reasoning behind the windfall profits tax on oil production bears some similarity to George's. However, that tax, as it is structured, is not a tax on rents. On the whole, I doubt that George's ideas have much relevance.

Why?

The notion of producer's surplus, which is used by some as a measure of rent, is not without conceptual problems from the standpoint of theory. More generally, there are few true economic rents which can be identified. Most are in the nature of quasi-rents.

Economist/Trade Association
Senior Economist

● What are Henry George's key ideas?

Land is a free gift for all in nature. Private ownership of it is unearned and improper (or possibly immoral). But it does have a use as an economic resource in the production of goods and services, and therefore, some degree of economic value depending, among other things, on location. Furthermore, since it is available in fixed supply, no economic distortion will arise from taxes placed upon its economic value.

Thus, a tax on land to its highest and best use would be both economically efficient (no distortive effects) and equitable

(the exploitive landowners have no prior right to its economic benefits anyway).

Therefore, since a land tax has such wonderful characteristics, such a tax should replace all other revenue sources for governments.

Do you think that he has any relevance today?

Perhaps some. But the relation of humans to the land in terms of personal fulfillment through creativity and work with the good earth may be enhanced by private ownership of and the right to reap the fruits from the land.

Furthermore, there's the oft-stated problem of trying to raise revenues totaling 30 to 40 percent of GNP from the return of land which makes up only a very small part of the needed revenue.

Finally, there is the difficulty of assessing "highest and best use."

Why?

Why not?

Associate Professor of Economics

- What are Henry George's key ideas?

There should be one tax, on land.

Do you think that he has any relevance today?

No.

Why?

That is nonsense.

Robert C. Bever, Economist;
Coordinator, Corporate Planning

• What are Henry George's key ideas?

A single tax on the "unearned increment" of increasing land values that do not result from improvements made by the owner. The higher values are due only to increases in the demand for the land and not to any increases in the land's utility.

Do you think that he has any relevance today?

Probably not, even though there is a certain degree of "justice" associated with George's concept.

Why?

Site value of land is a reason for the affluence of many influential people. They would never allow real property taxes to strip them of their major source of increasing financial wealth.

Associate Professor of Economics

• What are Henry George's key ideas?

The only idea I recall is George's recommendation of a single tax levied on economic rent. He developed the idea of how economic rent appeared as a consequence of growth of the economy and society and the lack of justification of its accruing to the individual.

Do you think that he has any relevance today?

Very limited.

Why?

Individuals owning property have largely reimbursed others for the capital value of economic rent on their property. It is more equitable to tax the income from property, which in some instances may be zero or negative.

JohnB. Wilson, Economic Consultant

● What are Henry George's key ideas?

My 50-year-old recollection is that he held that landowners enjoyed rising values of their land and exploited others by even higher rents for the limited resource, land. He advocated a tax on land equal to the rental value. The proceeds could be used for public purposes, benefitting the previously exploited renters, and in effect, confiscating landownership. Supposedly this single tax on land would raise enough revenue for all government purposes.

Do you think that he has any relevance today?

In the U.S., very little -- unless someone rewrites Progress and Poverty to fit present conditions, including the great importance of capital and the widespread imperfection of competition. In less developed countries, where landowners run the country and exploit the peasants, Henry George might be relevant. But socialism, communism, and land reform have more appeal to the peasants and urban workers. The peasants want land, but if they got it, would not appreciate a single tax on it.

Why?

He is out-of-date, possibly too simplistic, and lacks a constituency to push his ideas.

Keith W. Johnson, Retired
Economist

● What are Henry George's key ideas?

Essentially a single tax on land to recoup the "surplus," thus lowering/eliminating taxes on income from capital and, thereby, encouraging its formation. George assumed -- as did Ricardo, of whom he was unaware when he developed his theory -- that rent is an unearned surplus.

Do you think that he has any relevance today?

George underestimated the allocative function of land rent -- as did Ricardo -- particularly of agricultural land. George's theory does have relevance today in two ways -- as does Ricardo's. First, it has pedagogical relevance to teach the student of economics the important principles of income distribution. Second, for policy purposes, it is instructive for levying taxes on central city business property, i.e., land versus capital. Urban land can be taxed at a higher rate than capital in the form of buildings/plants and thus encourage the development of the latter. I suppose that every urban administration follows this policy -- without having learned it from George or Ricardo. (Or did our great grandfathers get a germ of an idea from George or Ricardo?) For agricultural land I think that George has no relevance for policy. How much of the value of land is capital and how much nature? Who can separate

them? In agricultural land the allocative function of rent is much greater than in the developed city -- even though here it is certainly not zero.

Ralph B. Price, Professor of
Economics (Emeritus)

● What are Henry George's key ideas?

There should only be one tax and it should be 100 percent on land rent.

Do you think that he has any relevance today?

No.

Why?

Too simplistic, and I am sure it would not yield sufficient revenue.

Academic Administration,
Executive Director

● What are Henry George's key ideas?

- Single rent tax as a sufficient source of government revenue;
- An original American developer of the principle of diminishing returns and maximum product theory; and
- Progress & Poverty -- Author. A political economy treatise.

Do you think that he has any relevance today?

Not very much.

Why?

Most economists today have not read any of his works and are not familiar with the history of economic thought in general. Not enough time to study this field in depth. He is (George, that is) considered an economic crank, of which the profession has been well endowed.

B. B. Mabry, Professor and
Chairman, Department of Economics

• What are Henry George's key ideas?

Ricardian "rent," "Privilege," "Poverty," reform via (single) tax on "non-productive" scarce resource(s) -- raw land, in the nineteenth century cities.

Do you think that he has any relevance today?

Not particularly. (I'm not familiar with studies of long-run effects in cities, such as Pittsburgh, where land is taxed at a higher rate than improvements.) (Within the limits of such cities, have there been lasting, greater improvements per unit of land? Have twentieth century surrounding areas paid a welfare cost?) I suspect George's relevance today is not great:

- "Property" taxes less significant;
- Technological and human resources are predominant; and
- Land scarcity is seldom an issue, although exploiting cities in new areas, new economies of the world may be another matter.

T. G. Acheid
Consulting Economist, President

● What are Henry George's key ideas?

People who own land earn rent and accumulate wealth through no effort of their own but rather because of the increase in the value of the land which comes about through social causes. Therefore, a single tax on the increase in the value of land is the only necessary and equitable method of taxation.

Do you think that he has any relevance today?

He never has had any relevance. His theories are absurd, and he isn't even as amusing as Veblen or Ayres.

Why?

Flat earth logic.

Professor of Economics

● What are Henry George's key ideas?

To tax away the unearned increment in the value of land (or more generally, in the value of any factor that is fixed in supply); the advantage would be that this "single tax" would have no distorting effect on resource allocation.

Do you think that he has any relevance today?

Very little.

Why?

Taxation cannot be judged exclusively by its impact on resource allocation; other criteria are just as important (e.g. distributive justice; efficiency; impact on the composition of GNP, etc.)

Consultant; President, American
Finance & Investment, Inc.

• What are Henry George's key ideas?

- Economic progress, unable to abolish poverty, breeds misery. Rejected wages-fund theory (wages not paid out of capital) and said labor is paid from the wealth labor produces.

- Rejected Malthusian theory of population (population need not press on food supply).

- Rent absorbs relatively more of the social income as a nation progresses (on account of its relative monopoly or limited supply). So economic rent must be commandeered -- land must not be left strictly to private disposal -- commandeered by use of the single tax. By this process, both progress and property would be absorbed and the business cycle would be eliminated.

Do you think that he has any relevance today?

Very little -- far too simplistic to be realistic. Too many flaws in his theory. Sounds good to the misinformed, but it does not altogether fit the facts. About the only contribution would be influence he had in causing distinction to be made in tax on land and tax on structures.

Why?

- Land rent is discriminated against in favor of wages, etc.
- Single tax insufficient.
- Would create injustice to landowners and destroy agricultural production. Not equity or justice. Not real reform (only cosmetic).
- Doctrine too narrow and absolute.
- Socialistic and not private enterprise philosophy.

Professor of Business
Administration

● What are Henry George's key ideas?

- The analysis of economic rent.
- The proposal to tax economic rent arising from all natural resources (land). The notion of a "single tax" as a source of government revenue.

Do you think that he has any relevance today?

The emphasis on the landlord is outdated today and weakens the relevance of his proposals to the present economic situation. The unequal distribution of income is unlikely to be solved by George's scheme. It is possible that updated versions may have some application to modern economies.

Associate Professor of Economics

What are Henry George's key ideas?

Single tax based on value of raw (unimproved) land to finance all government activity. Taxing raw land would encourage development as owners sought income to meet tax.

Do you think that he has any relevance today?

Limited -- less wealth is held as land now than in H.G.'s lifetime. Income tax (along Haig-Simons income definition) preferable.

Why?

George is rarely read today.

Chief Economist, Standard &
Poor's Corporation

● What are Henry George's key ideas?

George proposed a single tax, abolishing all other taxes. He was concerned with idle or undeveloped land in contrast to improvements on land. His idea was to have the state tax away "economic rent."

Do you think that he has any relevance today?

I think that he has concern for idle land being scarce and appreciating in value while the landowner never did anything to warrant the appreciation. I think he contrasted idle landowners to entrepreneurs who created real value with the improvements on the land. In 1945, a classmate of mine in an undergraduate economics course was enthusiastic about Henry George, and I remember the issue being debated in "bull sessions."

Why?

I do not know if he has any relevance today because I am not that well acquainted with his theories.

Senior Financial Analyst

- What are Henry George's key ideas?

I know these only by hearsay -- never by reading George. A tax on land could be a tax on an economic rent, that is, the tax would not affect the allocation of resources. Therefore, the efficiency of the economy, as a result of such a tax, would not be lessened (as compared to income and sales taxes). In addition, the revenue from a tax on land would be sufficient to fund the operations of the government (hence, the term, "single tax" movement).

Do you think that he has any relevance today?

I am not sure. I know there has been some rekindling of interest among Austrians, because of the writings of Leland Yeager. I suppose if an economist of Yeager's stature and brilliance thinks so, I would be imprudent to respond in the negative.

Why?

But I am at a loss to understand how George's idea would work in the case of land that had been bought at a capitalized value (do we tax previous landowners, and if so, how far back do we go?) and I cannot understand how, if my rents are going to be taxed away, I have any incentive to sell or lease land at its highest valued use?

Professor of Economics

- What are Henry George's key ideas?

Improvement in Ricardian rent theory, great attention to differential rent in the distribution process, rent as an

unearned increment which, therefore, ought to be taxed, tax policy as an engine of development, free trade -- can't remember the rest.

Do you think that he has any relevance today?

On a par with the significant figures in the history of economic ideas -- Smith, Ricardo, Mill, Marx - an indispensable part of one's professional education. Great figures of intellectual history always have relevance in that sense; their ideas can be usefully discussed.

Why?

But if you're asking whether one should support one of those Georgist revivals that seem to come out every generation or so, and go out campaigning for the single tax, no, I don't think so. George's distribution theory was as badly flawed as that of any of the other classical economists, and his gross, if understandable, overestimation of the revenue possibilities of the single tax led him to bizarre policy positions.

Railroad President

- What are Henry George's key ideas?

Single tax.

Do you think that he has any relevance today?

No.

Why?

I hope that by this late date, everyone realizes that George's ideas were based on value judgments exclusively.

Science is more than value judgments. Too, George's single tax could not produce enough revenue!

Michael L. Tindall
Money Market Economist

• What are Henry George's key ideas?

Single tax.

Do you think that he has any relevance today?

None.

Why?

Were never current to start with.

President, Consulting firm

• What are Henry George's key ideas?

- (a) private landownership and the inherent monopoly and land rent;
- (b) the ethics of the above resulting in unequal distribution of incomes among the resource owners;
- (c) the remedy to this inequity is taxing away the monopoly profit accruing to the land owners; and
- (d) lastly, Henry George's views can be interpreted as "socialistic" at best.

Do you think that he has any relevance today?

Yes. It has relevance to the crises in Central and South America. The political, economic, and social struggles between the peasants (non-landowners) and the ruling class (landowners). Albeit, I don't wholeheartedly concur with Henry George because his advocacy was imbued with socialism and its totalitarian temptations. Political freedom and stability precede economic freedom and progress. The former are necessary and sufficient

conditions for the latter. This is lucidly explained by Hayek in The Road to Serfdom, and later by Friedman in Capitalism and Freedom.

Economics -- Research; Economist

- What are Henry George's key ideas?

The single tax.

Do you think that he has any relevance today?

Yes.

Why?

A flat value-added, broad-based consumption or flat income tax may be the best way to raise revenue in a neutral, nonpolitical fashion.

Economist, Vice President

- What are Henry George's key ideas?

- He spearheaded the reform movement centered upon the notion that economic rent might be taxed away completely without impairing the available supply of land, of the productive potential of the economy as a whole.

- As George saw it, the fact that the tax burden remained on the landowner was perfectly justifiable; land rent, after all, was unearned income. In seeking popular support for his ideas on land taxation, George proposed that taxes on rental income be the only tax.

Do you think that he has any relevance today?

There is a renewed interest today on the part of urban economists, city planners, and public officials, in land taxation. Many contend that a strong case can be made for a heavy tax on land values. They argue that much of the value of urban land results from population growth, community development, and public decisions to invest in roads, schools, and utilities. Zoning changes can increase the value of land overnight. It is held that the community should recapture the resulting increases in land value through taxation and use these revenues for public purposes.

A tax on land rent has no effect on price or output and, therefore, does not alter resource allocation. This is in contrast to property taxes on buildings wherein there is an adverse incentive effect; i.e., taxes on buildings lower their return to investors and discourage their construction.

Margaret Bond, Professor of
Economics

● What are Henry George's key ideas?

Ownership of land is an illegitimate monopoly and its returns should be taxed away. This idea could also be applied (it was not so applied by H.G.) to other resources, especially nonrenewable ones like oil and mining products. Certainly OPEC is a case in point. A small group of owners of oil lands, together with a small group of owners of oil companies, have been holding up the world to enrich themselves tremendously.

Do you think that he has any relevance today?

See above. Another idea of H.G. which I remember only vaguely from Progress and Poverty is that poverty is a consequence of land monopoly. Again, what I said above applies here. Ownership of the resources of the earth is illegitimate and should be common property. This idea was already developed by John Locke. If such property exists, its returns should be taxed away and redistributed among the poor. These returns are "unearned income."

Why?

This again is a Lockean idea. Only income based on the labor of one's body and the work of one's hand is legitimate income. All other income which was to H.G. in his time mainly income from landownership (rent) is "unearned," that is, not earned by labor and work and, thus, not legitimate. This could also be applied to income from all kinds of property such as interest and dividends. Compare with these ideas the present treatment of financial income which is favored in comparison with income from work.

Full professor of economics,
retired

● What are Henry George's key ideas?

Poverty in the midst of plenty can be attributed mainly to the division of pure (economic) rents to landowners, mainly holders of urban properties.

Do you think that he has any relevance today?

Yes, if the concept of rent is broadened to include market values imputed to specialized resources of all types. For urban taxation, the theory would serve fairly well without extensive modification.

Why?

Because the objective is the worthy one of having the incidence of taxation fall where it will do least to destroy productive incentives.

Economic consultant
(self-employed)

● What are Henry George's key ideas?

Tax rental income (and increase in "pure" land values) instead of income from labor and "productive" capital.

Do you think that he has any relevance today?

Yes, especially for less developed countries.

Why?

In fully developed countries, rental income is too low to serve as sole basis of government income; in rapidly developing countries, however, not only is the rise in land values often very substantial, but it is also essential to avoid burdening labor and entrepreneurship by taxation.

Retired Economist, Consultant,
Federal Reserve Board

- What are Henry George's key ideas?

A single tax which would be based on the idea of taxing away (for the State) all value above the value of the raw land, i.e. the value created by society.

Do you think that he has any relevance today?

There are some groups promoting similar ideas in an effort to force development of land up to its highest use. It would take a lot of political work to bring this about.

Dr. Allen Early, Retired
Professor of Economics

- What are Henry George's key ideas?

Taxation of inelastically supplied resources (rent).

Do you think that he has any relevance today?

Yes.

Why?

The current economic theory of optimal taxation provides similar results albeit not to the degree of a "single tax."

Economist, Anti-Trust Division,
U.S. Dept. of Justice

- What are Henry George's key ideas?

Property tax. i.e. tax rents -- as economically neutral.

Do you think that he has any relevance today?

Yes.

Why?

Regulatory areas: natural gas, oil revenue, "rent" problems -- regulation taxes may be preferable to regulation. See S. Berger, Regulation and Its Reform. Harvard Press, 1982.

Judge; Family Law Professor

• What are Henry George's key ideas?

Poverty and wealth co-exist; poverty is manmade and can be eradicated. (Rejects both Law of Diminishing Returns and Malthusian Law of Population). High rents are the culprit. Growth of society creates the high rents, not the doing of the landowner. A single tax on unearned rent will suffice.

Do you think that he has any relevance today?

Sure.

Why?

For property tax reform.

Lester B. McAllister,
Professor of Economics

• What are Henry George's key ideas?

Land rent is an unearned increment. It can be taxed away without directly interfering in allocation.

Do you think that he has any relevance today?

Yes.

Why?

The property tax, as currently administered, causes great inefficiencies in land use. Taxing the land does not create

excess burdens -- taxing capital does. Here in Florida, there are both legal constraints and administrative practices that result in sites being taxed much less than improvements.

Associate Professor of Economics

- What are Henry George's key ideas?

A tax on land would raise revenue without diminishing productivity or distorting production incentives.

Do you think that he has any relevance today?

Yes.

Why?

An oil import fee could be levied by the U.S. which, due to the relatively inelastic supply of oil, would be largely financed by foreign producers. While this is not a pure example of George's land tax (performance inelastic supply), it is an especially relevant policy option to unite revenue at a minimal economic cost to the U.S. and with minimal distortion of production incentives.

Economist, U.S. Dept. of Energy,
Office of Policy, Planning &
Analysis

- What are Henry George's key ideas?

Various implications of the single tax on capital investment.

Do you think that he has any relevance today?

Considerable relevance in the light of major shifts in the changing competitive rankings of the nations of the world. Henry George may not have visualized what has come to pass, but many of

his ideas can be incorporated into contemporary analysis. At the local level, the logic of special assessments might be re-emphasized to help cope with municipal financial problems.

Retired Professor of Business

• What are Henry George's key ideas?

As far as economics is concerned, the only fair tax is one levied on land, since land is the only commodity that has scarcity value, is available in strictly limited quantity but cannot be made to disappear, and is (predominantly) privately owned. Those characteristics -- a tax on wealth, more particularly, a tax on an asset that cannot be augmented or diminished, and that is essential to all production -- are what make Henry George's single tax ideas interesting and potentially very relevant.

Do you think that he has any relevance today?

Yes. See above.

Why?

The world is beset with tax problems:

- problems of fairness;
- problems of tax-shifting;
- problems of exemptions, credits, deductions, and other special provisions.

Henry George does away with some of these problems; he attacks the rest of them in an innovative, nonduplicable way.

Professor of Economics & Public
Administration

- What are Henry George's key ideas?

Single tax system based on land values.

Do you think that he has any relevance today?

Yes -- a successful politician, he had a practical approach to fiscal questions. A modified version of his nineteenth century proposals could be a start in restructuring revenue sources to eliminate some of the more flagrant tax related distortions.

Economist, Specialist in Industry
Economics (Congressional Research
Service), Library of Congress

- What are Henry George's key ideas?

Notion that government should tax pure ground rent but exempt the returns from site improvement. This would eliminate poverty and economic crises which were caused by speculation in land values. He advocated a single tax (because he thought its proceeds would be enough to cover the costs of running the government) on pure ground rent. The single tax would (1) reduce the price of land as mere space to zero; (2) would leave untouched the rentals of property located on the land; and (3) put all property on the same basis regardless of its location.

Do you think that he has any relevance today?

Yes -- leads to the notion that local governments can stimulate urban renewal and development by a tax policy that discourages the holding of land idle (in speculation that its pure site value will rise) and encourages the construction of useful, income-yielding buildings and such on the land.

Why?

From his ideas comes the prescription that governments can use tax policy to encourage urban development and revitalize slum areas. Since pure ground rent would be taxed away, the only way entrepreneurs could profit would be to develop the land. They couldn't make any money by simply holding the land idle (for speculation). To make money, they would have to build structures on the land (since income from property located on the land would be exempt from taxes). In other words, a properly formulated Georgian tax plan could encourage development and revitalization of urban slum areas.

Economist

● What are Henry George's key ideas?

Social injustice. Poverty. Unequal distribution of wealth. Tax reform. Free trade.

Do you think that he has any relevance today?

Yes. If for no other reason, his writings and ideas are still advocated and distributed by various organizations, such as the Schalkenbach Foundation.

Although the "single tax" of Henry George was oriented to landownership, contemporary movements towards a "flat tax" probably can be tied in to his earlier ideas.

In his tax reform ideas, he saw a means of increasing industrial freedom and individual liberty, similar to what we advocate today.

Why?

He did have some impact on the thinking of his time, as a critique of classical political economy, and influenced the Fabian movement. The participation of governments in the processes of social justice is now widely accepted in all industrialized society, e.g., Germany's social market economy, and affirmative action programs in the U.S., not to mention so-called "social welfare" programs.

Professor of Economics

Abstracts of Essays on the Relevancy of George*

T.H. Bonaparte: Henry George: Influences Abroad and Views on International Trade

The author feels that Henry George had considerable influence abroad, particularly in the English-speaking, industrialized world. In the mid-1880s, George and his doctrines were swept excitedly through Great Britain. But more than that, from 1889 on, his land-tax proposals were an essential part of practical British politics and became major planks in the liberal and labor parties' platforms. It was not until 1934, when Philip Snowden's land tax was repealed, that George's doctrines ceased to trouble conservative landowners.

George's campaigns in Great Britain and the United States won adherents in several other areas, among them, Australia, New Zealand, Denmark, Hawaii, Hungary, India, Jamaica, Sweden, Barbados, Brazil, Canada, Taiwan, Argentina, and South Africa. Many of these adherents were very supportive of George's principles but were unsuccessful in obtaining passage of legislation to put these principles into practice. That Georgism didn't sweep the world instead of Marxism may be attributed in large measure to a singular inattention to political action on the part of Georgists. The main thrust of political Georgism died when Tom Johnson left office as mayor of Cleveland in 1909. Even George himself, though he ran twice for

*Copies of complete essays are available from Pace University, Center for Applied Research, Lubin Schools of Business, Pace Plaza, New York, NY 10038.

mayor of New York, tended to reject political involvement and prefer less boisterous speaking and writing activities.

In the developing world, George is not as well known, except in Brazil, Jamaica, Costa Rica, Taiwan, Argentina, Mexico, and the Dominican Republic. His principles are more difficult to implement in most of these countries because there is no such thing as a property tax and there is not an equitable assessment procedure that would be impervious to threats, bribes, or other pressures. Costa Rica and the Dominican Republic were mentioned as examples where work is being done to break the tradition of land monopoly in developing countries.

George's theories on international trade are little known, probably because they are less controversial than his single tax. When his book, Protection or Free Trade, was published in 1886, George was in the minority, certainly against the popular wave of protectionism. He was influenced by Adam Smith, the Physiocrats, David Ricardo, and Frederic Bastiat. Three-quarters of Protection or Free Trade refers to the fundamental and traditional arguments espoused by economists from Smith to Lord Peter Bauer. George's major contribution in the area is in the last quarter of the book, where he discusses what he calls "the true free trade," which requires that the active factor of production, labor, shall have free access to the passive factor of production, land.

Are George's views on international trade relevant today? The answer is a resounding "Yes!" primarily because George's views were not restricted to international trade, but also dealt with how best to get economies to function in a way that would

improve the quality of life in the world. He was in favor of "freedom" and, therefore, any restrictions on things moving in and out of a country would be intolerable. Furthermore, he believed in justice, compassion, ethics, and fair play. He was for human rights and against self-interest and corruption. He was for equality! All very valuable and worthwhile concepts in today's world.

Steven Cord: The Ethics of Land Reform

Applying in a scholarly fashion the dialogue methodology, the author weaves into a tapestry the ideas of Adam Smith, Karl Marx, and Henry George on the ethics of land reform. He also adopts the premise that the maldistribution of land is both a threat to democratic freedom and intrinsically unethical.

Without neglecting the overall economic and social pattern, he explores the moral issue with both direct citations and inferences from the intellectual protagonists. He is severe in the indictment of Marx's ethical position of equating might with right. He argues that by implementing the Georgist position of creating wealth through equal access to nature we would meet the standards of a free democratic society over any socialized redistribution of income conducted by government fiat. Finally, in citing examples from a number of Pennsylvania cities, he contends that the local land property tax is a most feasible approach in attaining the goals of a just society.

John E. Flaherty: Henry George: Motivating the Managerial Mind

Based on the premise of the total neglect of George in the Management literature, the author argues that George reflects a pattern of multi-disciplinary thinking, crucial to the understanding and resolution of the tasks and challenges of modern management. He particularly stresses George's contributions as a systems thinker and social ecologist, two important methodologies for transcending the vulnerabilities of functional specialization within the business enterprise.

Among the specific topics he addresses are: the role of vision and purpose in organizational planning; the concepts of continuity, change, and innovation; the dilemma of achievement versus equality; the role of knowledge in corporate mutation; the notion of social responsibility; and a discussion of spiritual values. He concludes that George was a "conservative innovator" whose writings provide insights not found in conventional management textbooks.

Frank C. Genovese: Henry George and Labor Unions

The author treats the career of Henry George against the background of business and ideological unionism, the two chief categories of the labor movement. After paying tribute to the sincere and passionate concern of George for the plight of the working class, he notes that he viewed the socialist approach of ideological unionism as a threat to democratic society. At the same time, he also questioned the remedy of Gompers' business unionism, which stressed the increase of wages as the main solution to the problem of poverty.

Exploring the history of labor-management relations in the late nineteenth century and focusing on George's mayoralty campaign, Professor Genevose discusses how labor became his chief political constituency, the debates with the socialist and other labor leaders, and the reasons for his political defeat.

He concludes that George had serious misgivings on the adversarial approach of the labor unions. He points out that George considered the main enemy of the working class to be the landlord and not the capitalist. Based on the theme of the need for cooperation between capital and labor, he suggests that George would have affirmed such recent innovations in labor management relations as: increased worker participation in corporate decision making; a greater share of ownership as reflected in the E.S.O.P. plans; and the German policy of co-determination calling for worker representation on corporate boards.

C. Lowell Harriss: Today's Lessons from Henry George

Tax rates on land in most communities are higher than a century ago. So also in rural areas. This country has taxed owners of the land to finance the growth of local government. Local governments here raise relatively more revenue than in most parts of the world. In doing so, they have added to the tax burdens on improvements to bring more revenue. The latter result George condemns vigorously. Would it be correct to say that America has failed utterly and completely to follow George's proposals? No -- but perhaps "almost" is correct. It is

undeniably true that this country has acted contrary to elements of central importance in George's system.

The author feels that the chief interest and the major opportunities of utilizing George's principles lie in property taxation. Realistic potentials for betterment are large enough to justify services and sustained effort. Even today, with lost opportunities of the past, the property tax exists everywhere in the country but in widely different manifestations. It now yields over \$100 billion a year, half again as much as corporate income taxation.

A reduction in the tax rates on buildings would lead to more investment in new plants and machinery and reduce the ill effects of the present system. This proposal could: (1) change the behavior of individuals and businesses -- there would be less distortion; (2) encourage maintenance and modernization; (3) reduce insidious and costly results from the present system; (4) provide higher efficiency in land use; (5) create more efficient development of structural size; and (6) establish justice in sharing the cost of (local) government.

George predicted great change in the distribution of wealth with a welcome reduction of poverty. Such forecasts were doubtlessly unrealistic a century ago. Nothing comparable should be expected today. Nothing of such a nature is needed to make the proposals highly desirable.

Conclusions

Among American social commentators, few thinkers were more cognizant of the significance and import of change than Henry George. In realizing the power of ideas, he propounded his own with vigor and dignity. At the same time, he welcomed opposing opinions. If he were alive today, it is fair to conclude that he would enthusiastically encourage the examination of his basic beliefs against the scrutiny of contemporary events. Moreover, as a brilliant communicator, he realized that intellectual content, regardless of its merit, is barren unless geared to the perceptions of the intended audience.

There was a wide difference in the responses from the two groups in this study. The business professionals have very little knowledge of Henry George. They don't see much value in the application of his principles. This is partially a result of the fact that businesspeople have not been exposed to George in a deliberate and planned program. They have not had to study George in their college curriculum and today there is no effort being made to target this particular group with a familiarity of George's ideas. But, there is some hope. Recently, Fortune magazine and The Wall Street Journal have published articles on George. In both instances, the articles reflected the one-dimensional vision of his tax policies. In both cases, the periodicals specifically mentioned the innovating approach of Pennsylvania, indicating that "it is the land tax that sets Pennsylvania apart" from its sister states.

The articles pointed out that the genius of the land tax is that it promotes development and discourages slums and land speculation. Property taxes give great weight to the value of the home or building on a piece of land. Fix up your home, or build a skyscraper on a lot downtown; the assessor makes a new calculation and your tax bill goes up. If, however, your tax bill doesn't change, no matter how much money you pour into the property, this will tempt commercial landowners to develop their property in ways that produce income. In other words, it will tempt them to build a skyscraper, rather than to maintain the land as a parking lot or tenement.

These articles, we are sure, make eminent sense to businesspeople, but only to a selective few -- those in commercial real estate. Henry George has more to say on government relations, on labor-management relations, and on how to manage an organization effectively. It is a pity that more businesspeople are not able to use more of his theories.

The responses from the economists are more refreshing, but hardly worth cheering. Although most economists are aware of Henry George, indeed many think very highly of his work, they do not promulgate his theories in the classroom, in their lectures, in their research, and in their books. This is a very sad case of having faith in someone, knowing that he can be of value in solving some of our present day problems, but being very much afraid of bringing him out of the closet. Henry George deserves better treatment. He deserves more than a cursory genuflection as a figure in the nineteenth century "history of economic thought." He deserves to be made an integral part of the 1980s.

Recommendations

This study represents an initial step in translating George's goals of relevance and communication to specific constituencies. Because it only partially captures the essence of George, thought should be devoted to additional research. For example, an informal survey of social workers with M.S.W. degrees revealed that inadequate housing ranks as the number one social problem of our time. This group might be supportive of land value taxation as a remedy for the inadequate housing in our urban centers. In addition, George's analysis of taxation in Progress and Poverty should be promoted as a heuristic device to better understand tax incidence. Though not scientifically tested, it is our belief that most specialists in the field of taxation know very little of Henry George.

The study also points out that Henry George is rarely mentioned in the classroom by professors of Economics and is not discussed at all in the boardrooms of corporate executives. George has become an obscure figure, known only by academics, rarely spoken of, and relegated to a line or two in Economics textbooks. Most alarming is the prospect of complete ignorance of his ideas by future generations of economists. Therefore, we would strongly recommend that the Robert Schalkenbach Foundation take definite steps to preserve the intellectual legacy of Henry George. In order to achieve this objective, bold steps, out of the ordinary, are necessary to disseminate the values and strengths in Henry George's arguments.

The Schalkenbach Foundation is to be commended for its continuing support of Henry George. It was incorporated in 1925 to administer a trust fund left in the will of the late Robert Schalkenbach, former president of the New York Typothetae, and other such funds as may be donated to it, for the purpose of spreading "among the people of this and other countries a wider acquaintance with the social and economic philosophy of Henry George." The Foundation has been the "savior" of the Georgist movement, keeping George's thoughts alive. The recommendations below are offered as supplementary considerations for enhancing the remarkable past contributions of the Foundation. The recommendations are derived largely as a prologue for a marketing plan to promote the ideology of Henry George in the business, government, and academic communities.

1. There is a need to focus attention on groups or constituencies that have not been traditionally exposed to George: such specific groups as businesspeople, students, University administrators, politicians, foreign leaders of governments, urban planners, union leaders, minorities, socially-conscious adults, and others. George is now known by a limited number of professionals. His views should reach a larger national and international audience.

2. Teaching and development aids should be used to target the key message of George to the different groups mentioned above. Each development aid would focus on George as a general theme, but also would refer to the specific benefit of George to the particular group.

3. Scholarships should be awarded to students in economics and business on the baccalaureate, master's, and especially the doctorate level.

4. The Schalkenbach Foundation Roundtable for CEO's on Henry George should be established. CEO's should be invited to a very sophisticated, high level annual meeting at a conference resort facility to discuss "George in the business community." A similar high level discussion should be held with a selective group of opinion leaders in the society. Ideally, the moderator of both of these events should be someone well known, with high integrity and respect. Such individuals as Ken Boulding, Peter Drucker, Herbert Simon, and Wassily Leontief would be good choices as moderators. The proceedings of both of these annual events should be widely distributed.

5. The Henry George Award for contributions to the promulgation of Henry George's ideas should be given each year to an international scholar. The award ceremony should receive the greatest possible coverage by the news media.

6. Many of the respondents to the survey suggested that George has application today in the developing countries. It would seem appropriate that the Foundation support this work in a selected developing country, such as Costa Rica or the Dominican Republic. Moreover, organized efforts should be initiated to broadcast Georgist' successes and contributions to other countries in the developing world.

7. Video tapes are in vogue today. In keeping with modern technology, it may be useful for the Foundation to concentrate its limited resources on producing video tapes of Henry George

that can be done more cheaply than films, are easier to use, and are able to reach more individuals (at home and in offices), considering the number of people with VCR's.

8. Henry George has to be included in the curriculum again if his theories are to remain with us in the future. A separate study or seminar should be conducted with chairpersons of Economics departments across the country to determine why George is not incorporated in the teaching of Economics and to ascertain what is needed to change this situation.

9. More pamphlets and monographs should be written on other topics, such as:

- Political Strategies for Implementing George;
- Implementing George on the Local Level: A Study of the Scranton Experience;
- H. George and the Younger Generation: His Meaning and Pertinence;
- Economic Growth and Development;
- Urban America: The Housing Crisis;
- The Current Tax Reform Debate;
- The Current Crises in Economic Theory;
- Current Agricultural Policy and George;
- Social Reform and George;
- Georgist Principles as Tools for Moderating the Business Cycle;
- Tax Incentives for Stimulating Productivity and U.S. Competitiveness;
- Land, Oil Windfall Profits, and the Developing Economies;
- A Way out of the Debt Problems of Developing Countries.

The above list is far from exhaustive and serves as an agenda of areas that should be considered for further investigation and support.

10. A Schalkenbach Foundation Newsletter, in the format of the Kiplinger, should be published quarterly and distributed worldwide on events and issues related to the work of Henry George.

11. Cases or incidents on applying Henry George principles should be developed. These cases should be prepared as a teaching aid (similar to the Harvard Business School cases) to give some real examples to students and others of the potential applications of George's theories. The information for these cases should be collected from experience abroad as well as from local municipalities in the United States. These cases should be distributed to Universities for use in Economics business courses.

12. Funding of a book which looks at the root cause of poverty today and the possible solution to the problem. The further taxation of land values is the answer. We need a statement which can be understood by our contemporaries. Ideally from this presentation will come new spokespersons for Georgist' principles and theories. This project should probably take the form of a present-day story.

The above twelve recommendations should be seen as areas for further thinking and implementation by the Foundation. The reality of restraints and the need to develop priorities means that all of them should not be implemented -- only those which the Board of the Foundation believes would be in its interest and

which would be easily manageable. The main point to be made in this exercise is that in an environment of accelerated change, something more should be done beyond maintaining the status quo to keep the spirit of George alive. We cannot sit back and resist participating in changing the thinking of the policymakers in today's society. Henry George has relevance today in government, business, and academia. The Foundation should continue its work at this critical time to insure that others realize and share the benefits to Henry George's thinking.

APPENDIX I

SURVEY RESULTS OF GENERAL BUSINESS COMMUNITY

Survey 1: Of 1600 respondents in the Business Community located in NY and CT.

Survey Results:

1.	<u>Age</u>	<u>Percent</u>
	Under 25	33
	26 - 30	33
	31 - 35	12
	36 - 40	4
	41 - 45	2
	46 - 50	1
	51 - 60	1
	Over 61	1
2.	College major or field of study	
	Political Science - Government	2
	Business	30
	Economics	4
	History	2
3.	Can you identify Henry George?	
	5 percent correctly identified him	
	93 percent did not know him	
	2 percent incorrectly identified him	
4.	What was his main work?	
	99 percent did not know	
5.	What are his key ideas?	
	Did not know	97 percent
	Single tax on land	2 percent
6.	Do you think that he has any relevance today?	
	Did not know	98 percent
	Yes	1 percent
	No	1 percent

6a. If No, why not?

Too simplistic	.5 percent
Too difficult to implement	.5 percent

6b. If Yes, in what areas?

Tax reform	.4 percent
Fairness/equity	.4 percent
Did not know	99 percent

APPENDIX II

SURVEY RESULTS OF A. E. A. MEMBERS

Survey Results:

1. What are Henry George's key ideas:

<u>Idea</u>	<u>Percent</u>
Land value tax	89.3
Incorrect response	1.7
Did not know	9.0

Other ideas mentioned as key to Henry George:

<u>Idea</u>	<u>Percent</u>
Communalism (Community-created land values, communism, socialism)	3.7
Wealth redistribution	3.9
Free Trade	2.0

2. Is Henry George relevant today?

<u>Response</u>	<u>Percent</u>
Yes	37.1
No	32.7
Limited	17.3
Did not know	12.9

3. In what areas is Henry George relevant?

<u>Response</u>	<u>Percent</u>
Practice	9.8
Teaching	23.2
Both	7.6
Could not determine/ Did not state	59.4

4. Why is Henry George relevant to teaching?

<u>Response</u>	<u>Percent</u>
Historical	5.1
Teaching tax incidence	2.9
Literature	1.0
Social analysis	4.4
General economic theory	1.5
Land economics	1.2

5. Why is Henry George relevant in practice?

<u>Response</u>	<u>Percent</u>
Non-discretionary tax incidence	9.5
Encourage development	8.3
Broaden George's analysis of rent	3.4
Income redistribution	3.2
Tax history	2.2

6. Why is Henry George irrelevant?

<u>Reponse</u>	<u>Percent</u>
Land less important	7.1
Single tax fiscally inappropriate	9.0
Otherwise outdated	6.8
Tough to implement	4.4
Relevant only as a bad example in tax history	1.2

7. The percentage of each occupation answering YES to the question, "Do you think that Henry George is relevant today?"

<u>Reponse</u>	<u>Percent</u>
Teacher	39.5
Business economist	21.4
General economist	31.8
Government economist	40.0
Retiree	44.4

8. The percentage of teachers who mentioned Henry George as relevant for teaching or expressing an idea -- 20%.