

Culver Service

NEW YORK CITY.—THE MAYORALTY CAMPAIGN—A HENRY GEORGE MEETING ON THE EAST SIDE.

Henry George: Soothsayer or Seer?

COMPLIMENTS OF
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On the hundredth anniversary of Henry George's birth, Mr. Buttenheim examines the contribution which the author of "Progress and Poverty" made to our times as well as to his own.

"NOW YOU'VE GOT IT. OLD HENRY GEORGE WAS RIGHT, b'gosh. What we need is. . ."

A radio drama on housing in the "Democracy in Action" series, presented on June 4, 1939, by the United States Office of Education in cooperation with Columbia Broadcasting System, ended with these words. Earlier in this historical sketch the commentator had been telling of various attempts in the 1850s and thereafter to solve the housing problem by adopting building, fire and sanitation codes. "They helped end the worst evils but they failed to grapple with this central fact: that loans, building management and taxes imposed certain costs upon the landlord which poorer tenants could not meet."

And then came the voice of Henry George, "speaking almost any evening in New York City":

"Answer me this! What makes land valuable? Its fertility? Its beauty? Its ownership? No! People! Many a square foot of land on Manhattan Island is worth more than a whole section beyond the Missouri River. Why? Is it better land? Is the soil richer? Will it feed more people? You know it won't. The soil of New York is rocky, sterile, worthless. Very well, then, why should it cost more? The answer is *people, population!* People make land valuable. Then why shouldn't the people reap the benefits they create rather than the landowner? Why should they not enjoy the unearned increment for which

they and they alone are responsible? I tell you, my friends, there is one answer and one alone—and that is SINGLE TAX! (*Prolonged Cheers.*)"

The drama progressed to the present decade, with the housing problem still unsolved, and ended with several voices in impassioned discussion. One said that housing is too expensive, another blamed low wages, a third urged public subsidies, a fourth wanted only private ownership; labor costs were condemned by another voice, and just before the closing words that suggested our present theme came the confident statement by another voice:

"You can't blame labor. The same conditions prevailed before a union was ever heard of. It is our system of land taxation."

IT WAS ON SEPTEMBER 2, 1839, IN PHILADELPHIA, THAT THE future philosopher-economist was born. With the publication of "Progress and Poverty" forty years later his voice began to be heard around the world; but the years that intervened seemed marked much more by poverty than by progress.

Leaving school for good at the age of fourteen, with less than five months of highschool education; going to sea as a sailor before the mast in 1855; learning the printer's trade in Philadelphia in 1857; arriving in San Francisco "dead broke" the following year; marrying at

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We hope they will repeat 11/24

the age of twenty-two; striving with more desperation than success during the next eight years to make a living for his growing family as a job printer, typesetter and newspaper reporter, George made his first trip to New York City in 1869. Seventeen years later in his acceptance speech for the New York mayoralty nomination he wrote:

Years ago I came to this city from the West, unknown, knowing nobody, and I saw and recognized for the first time the shocking contrast between monstrous wealth and debasing want. And here I made a vow from which I have never faltered, to seek out, and remedy, if I could, the cause that condemned little children to lead such a life as you know them to lead in the squalid districts.

It was shortly after his return to California from this early visit to New York that he had been riding one day through a district where the magic boom of land speculation had filled the scrubby countryside with a feverish collection of land offices and claim-jumpers. George relates:

Absorbed in my own thoughts, I had driven the horse into the hills until he panted. Stopping for breath, I asked a passing teamster, for want of something better to say, what land was worth there. He pointed to some cows grazing off so far that they looked like mice, and said: "I don't know exactly, but there is a man over there who will sell some land for a thousand dollars an acre." Like a flash it came upon me that there was the reason of advancing poverty with advancing wealth. With the growth of population land grows in value, and the men who work it must pay more for the privilege. I turned back, amidst quiet thought, to the perception that then came to me and has been with me ever since.

These words George R. Geiger quotes in the biographical chapter of his massive and scholarly book, "The Philosophy of Henry George," and adds: "In the East he had seen the problem; in the West he thought he had found the solution." "And that awakening," says Lewis Gannett, "made Henry George a flaming crusader."

George's first attempt to embody what subsequently came to be known as the single tax philosophy in book form was in "Our Land and Land Policy," published in 1871. In 1879 appeared that much more thorough discussion of the subject, "Progress and Poverty." Though it is a heavy volume on political economy and ethics, this book proved to be a best seller. Millions of copies were bought, read and debated.

After the publication of "Progress and Poverty" George entered the lecture field and, in many cities of the United States and Canada, spoke to great crowds attracted by the power of his oratory and the challenge of his book. Simultaneously he interested himself in the Irish land question and in 1881 was sent to Great Britain under the auspices of the *Irish World*, as a lecturer and correspondent. From Ireland he made several trips to England and delivered numerous lectures in that country and Scotland. He returned to America in 1882 and was back in London in January 1884, opening his tour with a great meeting in St. James's Hall.

Indicative of George's influence in Great Britain, then and since, was the establishment in London of the International Union for Land Value Taxation and Free Trade, an organization which has functioned vigorously ever since and which publishes an ably edited monthly, *Land and Liberty*.

Back in America again, George published his "Protection or Free Trade" in 1886, and that year was persuaded

to run for mayor of New York as candidate of the United Labor Party.

His opponents were Abram S. Hewitt, Democrat, and young Theodore Roosevelt, Republican. Though defeated, he made a remarkable run, the final tally of votes being: Hewitt, 90,552; George, 68,110; and Roosevelt, 60,435. By many observers Hewitt's victory was credited to the better counting facilities of the Tammany henchmen.

Further writing and speaking in the United States were interrupted by a lecture trip to Australia and New Zealand in 1890, and finally brought to a close in 1897 by his death four days before a New York mayoralty election in which Henry George was again a candidate.

Dr. Geiger, in the concluding paragraphs of his biographical chapter, says: "George had died as he had wished to die—in battle. The election was almost forgotten in the city's grief, and as the body lay in state all of Sunday in the Grand Central Palace the world paid its homage to the power of sincerity. One hundred thousand mourners filed before his bier, while another hundred thousand, unable to gain admittance, prayed in the street outside, and the vast funeral cortege that followed the body down to City Hall and across the Brooklyn Bridge proved to be one of the deepest tributes ever paid to a private citizen. George was buried in Greenwood Cemetery. On his stone were carved these words from 'Progress and Poverty':

"The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends—those who will toil for it; suffer for it; if need be, die for it. This is the power of Truth."

AND WHAT WAS THIS TRUTH THAT THE FLAMING CRUSADER tried to make clear? To compress his major proposal into a single sentence: Henry George advocated the abolition of all taxes—national, state and local—except one single tax levied on the value of land, irrespective of the value of improvements in or on it.

For a brief elaboration of this proposal and of its philosophical basis—and to give a new generation a taste of George's lucid style—I have selected quotations from several of his books:*

Here are two simple principles, both of which are self-evident:

1. That all men have equal rights to the use and enjoyment of the elements provided by nature.
2. That each man has an exclusive right to the use and enjoyment of what is produced by his own labor.

There is no conflict between these principles. On the contrary they are correlative. To fully secure the individual right of property in the produce of labor we *must* treat the elements of nature as common property.¹

Property in land, like property in slaves, is essentially different from property in things that are the result of labor. Rob a man or a people of money, or goods, or cattle, and the robbery is finished there and then. . . . But rob a people of the land on which they must live, and the robbery is continuous. It is a fresh robbery of every succeeding generation—a new robbery every year and every day; it is like the robbery which condemns to slavery the children of the slave.²

What I, therefore, propose as the simple yet sovereign

*The numeral at the end of each excerpt indicates its source, as follows: ¹PROTECTION OR FREE TRADE; ²THE LAND QUESTION; ³PROGRESS AND POVERTY; ⁴SOCIAL PROBLEMS. All of these books and numerous pamphlets are obtainable at low cost from the Robert Schalkenbach Foundation, 30 East 29 Street, New York City.

remedy . . . is—to appropriate rent [ground rent] by taxation. . . . In form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land anyone could hold. For, rent being taken by the state in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of its ownership.³

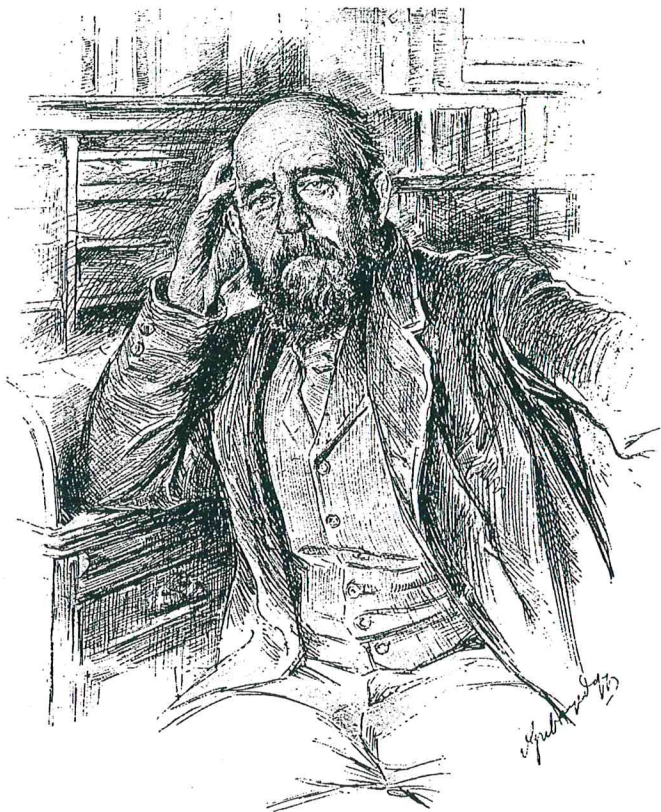
If three sons inherit a ship they do not proceed to saw her into three pieces; nor do they agree that if this cannot be done equal division is impossible. . . . And so it is not necessary in order to secure equal rights to land to make an equal division of land. All that is necessary to do is to collect rent for the common benefit.⁴

The tax upon land values is the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all [ground] rent is taken by taxation for the needs of the community, then will the equality ordained by nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return.³

If we impose a tax upon buildings, the users of buildings must finally pay it, for the erection of buildings will cease until building rents become high enough to pay the regular profit and the tax besides. If we impose a tax upon manufactures or imported goods, the manufacturer or importer will charge it in a higher price to the jobber, the jobber to the retailer, and the retailer to the consumer. Now, the consumer, on whom the tax thus ultimately falls, must not only pay the amount of the tax, but also a profit on this amount to everyone who has thus advanced it—for profit on the capital he has advanced in paying taxes is as much required by each dealer as profit on the capital he has advanced in paying for goods.³

The way taxes raise prices is by increasing the cost of production, and checking supply. But land is not a thing of human production, and taxes upon rent [of land] cannot check supply. Therefore, though a tax on rent compels the landowners to pay more, it gives them no power to obtain more for the use of their land, as it in no way tends to reduce the supply of land. On the contrary by compelling those who hold land on speculation to sell or let for what they can get, a tax on land values tends to increase the competition between owners, and thus to reduce the price of land.³

The poverty which in the midst of abundance pinches and embrates men, and all the manifold evils which flow from it, spring from a denial of justice. In permitting the monopolization of the opportunities which nature freely offers to all, we have ignored the fundamental law of justice—for, so far as we can see, when we view things upon a large scale, justice seems to be the supreme law of the universe. But by sweeping away this injustice and asserting the rights of all men to natural opportunities, we shall conform ourselves to the law—we shall remove the great cause of unnatural inequality in the distribution of wealth and power. . . .³



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ALTHOUGH THESE EXCERPTS from many hundreds of book pages can do but partial justice to the philosophy of their eloquent author, perhaps they will prove provocative of further reading. And the present-day student, free from the witchery of the prophet's personal presence, will not be so apt as were the early disciples to assume the inspiration of his every thought.

If he had had the advantages of an academic education, George would doubtless have been less optimistic than his writings indicate as to the possibility of reforming the world by the simple expedient of the single tax. But he would probably have been less effective also—and no one might now be commemorating the centenary of his birth. He was not, of course, the first economist to advocate land value taxation and free trade; but he was

unquestionably the most dramatic and popular exponent of these reforms. John Dewey, who ranks Henry George as one of the world's greatest social philosophers, estimates that "Progress and Poverty" has had a wider distribution than almost all other books on political economy put together. George Bernard Shaw has said that hearing one lecture by George had "changed the whole current" of his life.

George's power as a crusader sprang from his profound belief in the single tax as a fiscal device for accomplishing a great ethical reform. In the failure of government to recapture the economic rent of land he saw the gap through which a privileged class was enabled to exploit the toil of others. Destroy land exploitation and the attendant economic ills would disappear. But as I have pointed out elsewhere (*The Journal of Land and Public Utility Economics*, February, 1935):

Had Henry George been born a half-century later, he would have lived amidst a new set of economic conditions; he would have seen new forms of exploitation, and it is doubtful that he would have formulated his *single tax* doctrine. Collection of the economic rent as a major source of public revenues might have been advocated as an essential, but not sole, element in a comprehensive scheme of taxation aiming

to reach all privilege and anti-social wealth rather than merely *one* instance of it; for the author of "Progress and Poverty," if writing today, could not fail to recognize the fact that conspicuous fortunes in the twentieth century derive less than formerly from land ownership. . . .

If Henry George were writing today, is it unreasonable to suppose that he would include, as additional elements in his scheme of taxation, dependence on steeply graduated income and inheritance taxes, to the end that existing wealth may contribute adequately to the support of government, and that there may be a beneficial check on new types of exploitation which land value taxation alone could not reach?

IN WIDELY SCATTERED PARTS OF THE WORLD—AUSTRALIA, New Zealand, South Africa, western Canada, and elsewhere—partial approaches towards the single tax have been made, before George's time or since. In the United States, George's teachings have been propagated with varying degrees of intensity during the last half century by many devoted groups of disciples, and the present decade has shown greater activity in this direction, I believe, than any other. To cite two instances:

In September 1932, the Board of Regents of the State of New York granted a provisional charter to the Henry George School of Social Science for the purpose of teaching fundamental economics and social philosophy. This charter was made absolute in July 1937. From January 1933 to June 1939, the school reports about 6000 graduates in its New York courses, about the same number who have completed its extension courses, and about 1000 in correspondence courses.

During the current decade bills for varying degrees of land value taxation have been introduced in the legislatures of Illinois, Massachusetts, New Jersey and Pennsylvania. Last November California voted on a constitutional amendment to abolish sales taxes and raise the bulk of state and local revenues from land value taxation.

The relation of the taxation problem to the housing problem is a phase of the Henry George philosophy which is attracting increasing attention in current efforts to eliminate urban slums and to provide adequate low rent housing for families of low income. In its 1937 publication, "Our Cities: Their Role in the National Economy," the National Resources Committee said:

State and local authorities should consider the reduction of the rate of taxation on buildings and the corresponding increase of such rates on land, in order to lower the tax burden on home owners and the occupants of low rent houses, and to stimulate rehabilitation of blighted areas and slums.

A partial application of this principle is now in effect in New York City where, under a local law signed by Mayor La Guardia in July of this year, a property owner is

The legitimate concern of governments everywhere should, in our view, be not in doing things for people, but in setting people free, under equality of right and opportunity, to do things for themselves; where honest toil and its just rewards will be opened to all, and where the intellectual and spiritual emancipation of mankind may grow to glorious attainments in an atmosphere that, in the language of Henry George, "will make war the possibility of a past age and turn to works of usefulness the enormous forces now dedicated to destruction."

—From the presidential address of the late Charles O'Connor Hennessy, before the International Conference to Promote Land Value Taxation and Free Trade, London, 1936.

given five years' tax exemption on value added by improvements which do not increase the cubic content of his building.

Why is it that the single tax philosophy has nowhere in the world been adopted in its entirety, and has had almost no effect on legislative action—national, state or local—in the United States? For Pittsburgh and Scranton are perhaps the only municipalities in the United States where improvements are legally taxed at a lower rate than land values. In these two cities, by act of the Pennsylvania legislature, taxes for municipal purposes (but not for county or school purposes) were partially shifted over a period of years so that since 1924 the tax rate for city purposes has been only half as high on improvements as on land values. The answer, I believe, is mainly twofold: failure of other leaders to arise with the vision and the fire of Henry George; and the fact that, to most people, the very term *single tax* connotes an impossible pinnacle.

For the single tax to work, it would be essential, of course, that it provide ample revenues for all the multitudinous current expenditures of governmental units—national, state and local. Whether it would have done so sixty years ago, when "Progress and Poverty" was written, may be debatable. That it would not do so today, even though the entire economic rent of land were recaptured for public purposes must, I believe, be obvious to anyone who will study the best estimates available of land values and governmental costs. The only basis for thinking otherwise is to assume that the adoption of the single tax would abolish poverty and war, and thus reduce governmental costs to a fraction of their present staggering proportions. Perhaps that assumption would be correct, if we were to couple with it the impossible but essential corollary—that the entire world could be brought to adopt the single tax by simultaneous conversion.

But without waiting for the rest of the world to act and without waiting for the rest of the United States to act, any one of our forty-eight states could adopt by gradual stages not the single tax, but a scientific system of land value taxation for municipal and county revenues which would bring to the people of that state many of the benefits set forth by Henry George.

It is my hope that it will not be many years before one commonwealth will have the courage and vision to try this experiment of allowing its local governments to finance their activities from the fund automatically provided therefor—the land values and ground rents which are created not by their landowners, but by natural advantages of site, the presence of population and the activities and services of government.

If we may assume that such a demonstration would be so successful as to spread gradually to all the states, we might assume a simultaneous display of wisdom in abolishing all types of taxes which handicap business and needlessly curtail purchasing power. As our main sources of revenue for state and national governments we would have scientifically graded income and inheritance taxes, and thus a tax tripod would be erected on which the United States might support a standard of permanent welfare worthy of emulation by the rest of the world. If, by this process of letting our light shine among men, the single tax should prove to be ultimately attainable, future centenarians of the birth of Henry George would find him no longer scorned as a soothsayer, but honored as a seer.