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Source: *The American Journal of Economics and Sociology*, Oct., 1986, Vol. 45, No. 4 (Oct., 1986), pp. 489-502

Published by: American Journal of Economics and Sociology, Inc.

Stable URL: <https://www.jstor.org/stable/3486465>

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# Henry George and the Institution of Private Property in Land:

## *A Property Rights Approach*

By GARY B. BUURMAN\*

ABSTRACT. Conflicting statements concerning whether the implementation of *Henry George's single tax* proposal would destroy the institution of *private property in land* have appeared in the literatures of *economics* and other disciplines. A number of writers have implied that the *taxation of Ricardian rent* is equivalent to *land nationalization*. In the main, followers of George have denied that the single tax would abolish private property in land. Their claim is based on the fact that *land titles* would remain in private hands under the single tax. Since the whole question of *private property* is beset with ideological difficulties, a *property rights* approach is applied to this issue in an attempt to resolve the controversy. The conclusions are that the actual implementation of George's system would not destroy private property in land and that it is incorrect to equate the single tax with land nationalization.

### I

#### Introduction

THE PUBLICATION of Henry George's *Progress and Poverty* in 1879 inspired admiration and criticism throughout the world. George considered land rent an unearned increment and argued that society would benefit if the rent of land were taxed. All other taxes were to be abolished; therefore he named his fundamental reform the Single Tax. Whether a single tax on land values would be adequate to finance government provision of essential goods and services is still a matter of controversy and research. Thus it should be pointed out that what follows would apply to a tax on land values whether it be the sole tax or one component of a tax system aimed to mitigate the economic effects of taxation.

Steven Cord stated that conservative economists of George's era tended to

\* [G. B. Buurman, M.A., is senior lecturer in economics, Massey University, Palmerston North, New Zealand.] This study is based on a paper presented at Massey University in commemoration of the centenary of publication of George's *Progress and Poverty*, and published in the series, *Massey Economic Papers*, No. A8402, January, 1984, C. Michelini, M. Pickford and P. Read, eds. The author thanks Stuart Birks for helpful comments on an earlier draft. The usual disclaimers apply.

regard George as an enemy of private property in land. He added that confusion of the single tax with land nationalization still persists, and that the issue of confiscation of land, more than any other aspect of George's work, has hindered the adoption of the taxation of land values.<sup>1</sup> While the aim of George's proposal was to change the institution of private property in land, George believed that the single tax would not abolish it.<sup>2</sup> Cord suggested that confusion over the institution of private property in land in George's system is due to George's unorthodox use of terminology. He pointed out that George devoted seventy-seven pages of *Progress and Poverty* to show why private property in land as it then existed was unethical, and cited George's proposal that it is not necessary to confiscate land, only to confiscate rent.<sup>3</sup>

Charles Fillebrown offered a similar interpretation. He stressed that George was really against private property in the economic rent of land, and only against the institution of private property in land as it existed in his time.<sup>4</sup>

Cord and others based their assertion that George's system would not abolish private property in land on the fact that land titles remain in the hands of the original owners under the single tax, and by implication that land titles constitute private property. But this raises a further source of confusion since the concept of property is not precise. Recognizing that "private property" is an overworked phrase which carries ideological connotations, J. H. Dales argued that questions involving it should be couched in terms of property rights whenever possible.<sup>5</sup> Armen Alchian and Harold Demsetz have expressed a similar view:

In common speech, we frequently speak of someone owning this land, that house, or these bonds. This conversational style undoubtedly is economical from the viewpoint of quick communication, but it masks the variety and complexity of the ownership relationship. What is owned are rights to use resources, including one's body and mind, and these rights are always circumscribed, often by the prohibition of certain actions. To 'own land' usually means to have the right to till (or not to till) the soil, to mine the soil, to offer those rights for sale, etc., but not to have the right to throw soil at a passerby, to use it to change the course of a stream, or to *force* someone to buy it. What are owned are socially recognized rights of action.<sup>6</sup>

This study is another attempt to clear up confusion surrounding the tax on land rent as it affects the institution of private property in land. Subsequent sections are concerned with a possible source of the confusion, the extent to which the single tax can be equated with land nationalization and whether the imposition of the single tax would abolish private property in land. Although possession of a title is commonly considered the definition of private property, much of what follows abstracts from this definition. The approach adopted is to apply property rights theory to the single tax.

## II

**Confusion and Controversy: Some Examples**

ONE OF THE EARLIEST EXAMPLES of the controversy published in an economics journal appeared in the *Quarterly Journal of Economics (QJE)*, 1891. The editors criticized a statement made by Charles Gide in the December issue of the *Political Science Quarterly*. Gide is purported to have written that George's system was taught word for word by the Physiocrats. The editors argued that the systems are not similar because of the different attitudes of George and the Physiocrats to private property in land:

The essence of that system (George's) is that private property in land is unjust, the cause of most economic evils, and therefore to be practically abolished by the agency of taxation. But the Economists (the Physiocrats) treated private ownership of land as a part of the natural order of society, and notoriously made it the direct object of taxation because they thought it the only source of wealth, and therefore destined inevitably to bear the weight even of taxes laid elsewhere.<sup>7</sup>

Subsequently, Samuel Clark claimed that the editors were mistaken in making this distinction. He stated that George's system "contemplates exclusive and continuous individual occupation of land, and, if that, then, necessarily, also private property in land."<sup>8</sup> Clark argued that the catch is in using the phrase "private property in land" as if it had a definite meaning:

Private property in land may be conceived of as full, enduring forever, unconditioned, or subject only to such conditions as we are accustomed to. In this sense, Mr. George does think that it is unjust, and he would abolish it. But, in this sense, the Physiocrats did not treat it as part of the natural social order; for they would have imposed on land, wholly or mainly, the burden of government. Or private property in land may be conceived of as subject to an indefinite number and variety of conditions. In this sense, Mr. George would not abolish it.<sup>9</sup>

The editor's reply repeated that the purpose of the Physiocrats' tax was not to impose the burden of government on land but was an attempt at a better adjustment of the inevitable burden. They claimed that George's meaning was different and that the main argument of *Progress and Poverty* "will be found by any reader to present the conclusion that the abolition of private property in land and the substitution of common ownership of it is the cure for existing evils." Further the book "will be found to present the confiscation of rent by exclusive taxation as the most convenient, effective, and least revolutionary method of making land common property, and leaving to its present owners the mere right of occupation."<sup>10</sup>

In the July issue of the *QJE*, Gide stated that he had not intended to assimilate the doctrines of George and the Physiocrats on the question of landed property. This was because "the Physiocrats see in the institution of landed property the basis of social order, while Mr. George sees in it the cause of all the evils which

desolate society.” Gide concluded that any misunderstanding could have been avoided if he had labelled the Physiocrats single-taxists and emphasised that they were not in favour of nationalizing land.<sup>11</sup>

While Clark was incorrect in interpreting the reasons for the Physiocrats’ tax on the net product, it does not follow that he was also incorrect in his interpretation of George, and that George’s intention was to abolish the institution of private property in land. Because of George’s imprecise terminology, grounds exist for the editors’ contentions that George argued for the common ownership of land, the abolition of private property in land and viewed the confiscation of rent as the best way of making land common property. However throughout the entire exchange, Gide and the editors avoided the issue of owners retaining land titles, which are present in George’s actual proposal.

In this century, statements in the economic literature on George also appear confusing. In 1967, Reed Hansen produced an interesting treatment of the taxation of rent which concluded with the observation that the advocates of George’s doctrine may find that they have not been laboring in such a stony vineyard after all.<sup>12</sup> However confusion on private property in land may have resulted from an attempt to modernize George’s proposal. In referring to the time of the great land grab in the United States, Hansen wrote:

For these reasons, Henry George wanted title to the land to remain with the government, available to the highest bidder on a rental basis. The improvements would be privately owned. It was George’s opinion that, “nothing short of making land common property can permanently relieve poverty and check the tendency of wages to the starvation point.” Public ownership of land would appropriate rent for public use, cut taxes on capital and labour, and increase the share to wages and interest.<sup>13</sup>

While George may have approved of this practice in cases where the State already held land titles, the overall impression is misleading. Later Hansen stated:

A city in which the council holds title to the land, and may or may not own the improvements, would be somewhat comparable to the ‘company town’ owned by a corporation, or the university village on the edge of many campuses, or the vast private developments owned by insurance companies, or the Irvine Company in Southern California whose operation is based on special tax privileges originating under oil land grants. There would be no need to exercise the ‘rights of eminent domain’ to get a task performed. The city fathers would be free to plan for comfortable expansion, including development of parks, gardens, shopping malls, and cultural centres, and for a livable environment free from blatant commercialism.<sup>14</sup>

Nowhere in Hansen’s article is there a reference to the original owners retaining land titles under the single tax. This fact would make it necessary to use the rights of eminent domain to remove a titleholder from the land. A final passage illustrates Hansen’s neglect of the reasons for George leaving land titles in private hands:

Government ownership of land implies a faith in the wisdom of the public administrators which may not be justified. The city council might be packed with engineers who would sacrifice the city to the automobile and construct a city of concrete and steel, having the personality of a filing cabinet. To add bitterness to this cup, consider the possibilities for other distortions of democracy such as plundering the public domain by granting favourable land rent as political patronage.<sup>15</sup>

When proposing the single tax in *Progress and Poverty*, George stated:

Nor to take rent for public uses is it necessary that the State should bother with the letting of lands, and assume the chances of favouritism, collusion, and corruption this might involve.<sup>16</sup>

A second example is the interpretation of Jacob Oser and William Blanchfield. Their analysis stressed the effect of George's single tax proposal:

Instead, all economic rent derived from land and other natural resources should be taxed. Technically the land would not be confiscated, for the present owners could retain their titles. In essence, however, land would be nationalized without compensation and it would be rented to the highest bidders.<sup>17</sup>

And later:

The present landowners should, however, retain their titles to the improvements on the land, such as buildings, and these should be tax free. They would continue to use the land on which their improvements stand, merely paying the government the annual value of the use of the land.<sup>18</sup>

These passages appear to confuse George's actual proposal with his other method of securing man's common right to the land. These methods are discussed below. Further, Oser and Blanchfield have again given the impression that retention of land titles is of little consequence.

### III

#### Henry George's Confusing Terminology

ON THE SURFACE there is a conflict in *Progress and Poverty*. George's remedy for society's problems was to make land common property, yet his proposal, the taxation of rent, left all land titles in the hands of their original owners. It is worth emphasizing, however, that George's remedy and proposal are compatible given his terminology. While the layman and no doubt many economists in the 1890s would deem it silly to claim that land could be both private and common property, modern economists speak of the private aspects of public goods, and the management of public lands as private property resources.

One method of approaching the problem of George's terminology is to recognize that there are many meanings for the ideological labels of private property, land nationalization and common property in land. Clark suggested that common property in land meant that men *use* land in common.<sup>19</sup> The editors of the *QJE* concluded that George meant that men should *own* land in common.<sup>20</sup> Others

have used George's remedy as the basis for claiming that he proposed to nationalize land.<sup>21</sup> George showed that one meaning for common property in land is "abolishing all private titles, declaring all land public property, and letting it out to the highest bidders in lots to suit, under such conditions as would sacredly guard the private right to improvements".<sup>22</sup>

If the above meanings for common property in land are interpreted loosely, similarities can be found between them. One example would be to label them all as forms of land nationalization. Alternatively, if the above examples are viewed as methods of land tenure, glaring differences would become apparent. Each could produce different distributions of rent and different levels of welfare for society. For example, declaring all land public property and letting it out to the highest bidder is different from State control over land use as practiced in communist countries. A system where men use land in common is not necessarily the same as one where they own land in common. Nevertheless the use or ownership of land in common *could* be specified as common property resources as the term is used by environmental economists. Externalities are present in this case which lead to depletion of the resource, a problem not present to the same extent in most systems of land nationalization.

George would have recognized the alternatives above as meanings for common property in land. Yet it is ridiculous even to argue that he would have preferred some of them to private property in land as it then existed. George discussed only two methods of making land common property; firstly where the State holds land titles and lets land out to the highest bidder, and secondly, his single tax proposal.<sup>23</sup> In George's perfectly competitive system, both involved the collection of the same amount of land rent and the same pattern of land use for society. Nevertheless, when it came to implementing his remedy, George chose the single tax. The main difference between these two methods of making land common property concerns whether land titles are transferred to the State or remain with the original owners. George felt private land titles made the single tax a less costly and disruptive method of implementing his remedy.

Many of George's critics have stated that he viewed the confiscation of rent as a method of making land common property while the original owners of land are left only with the mere right to occupy it. Critics then avoid the issue of what George meant by common property in land, omit a discussion of the type of land tenure implied by the right to occupy land, and leave the impression that George intended to abolish private property in land.

The correct interpretation includes the point that George also recognized more than one meaning for private property in land in *Progress and Poverty*. He considered land ownership as it then existed as private property in land. He also believed that a title to land, even if rent is taxed, constitutes private property

in land.<sup>24</sup> George was against the institution of private property in land as it then existed but saw the single tax as asserting man's common right to land; at the same time, private property in land was constituted by the retention of land titles. If rent is taxed, George saw no conflict between private property and common property in land. This is probably what Cord means by referring to George's unorthodox use of terminology. Yet given his terminology, George's meaning is clear, and is not the meaning attributed to him by many writers.

## IV

**The Single Tax and Land Nationalization**

THE SINGLE TAX has been equated with land nationalization. Yet land nationalization means State ownership and control of land while the single tax leaves land titles in private hands. Therefore it is possible to dismiss all claims that George proposed to nationalize land in which this distinction is avoided. However, claims that the single tax and land nationalization yield the same result no matter whether the State or individuals hold land titles deserve attention.

The main reason that similarities are seen between the single tax and land nationalization concerns the market value of land. Demsetz states that the conclusion of a transaction involves the exchange of two bundles of property rights; although economists usually abstract from these bundles of rights, the value of the rights to a commodity determines the value of the commodity.<sup>25</sup>

Under competitive conditions, the price of land is the capitalized value of rent. The reason why the single tax has been equated to land nationalization results from the stress laid by George on how the tax would work if taken to the point of theoretical perfection. Thus if the full amount of rent is taxed, the price of land would fall to zero, which implies that the bundle of rights attached to a plot of land would have no market value. Land rent would accrue to the State just as it would under systems of land nationalization.

This connection between the single tax and land nationalization is misleading because of the emphasis on the market value of land and lack of consideration of the amount of control exercised by the State. There are different systems of land nationalization in existence which have different effects. However, under the single tax, the titleholder retains certain property rights which are not implied by State ownership and control of land. He has the right of continuous occupancy and the right to exclude others from the use of the land. These rights can be exchanged or devised. A titleholder has security over any improvements he may make on the land; if he wishes to sell his improvements, he may pass on title to the land as a part of the sale.



These property rights may be viewed as degrees of freedom according to Gordon Tulloch.<sup>26</sup> From a welfare standpoint, the more degrees of freedom an individual has, the better off he is. In answer to the charge that no one would want to own land if it has no market value, George and his followers stress that title to land gives the holder security over his improvements. As this right provides an incentive for production, it is of primary importance both for the individual and for society. The other property rights mentioned above can differ in importance between individuals.

If rent were to become the property of the State under State ownership of land or under the single tax, a land speculator would be indifferent between the systems. This is not true for someone who uses land. Consider the position of an owner/occupier if man's common right to the land is suddenly recognized. If the choice of the single tax or an unspecified system of State ownership and control of land is offered to an owner/occupier, he would prefer the single tax because it provides him with more degrees of freedom.

Of course, the theoretical effect of the single tax is equivalent to the specific form of State ownership of land implied by George's scheme of transferring land titles to the State, and then letting land out to the highest bidder. George regarded this as a just and economic method of securing man's common right to the land. He also considered that it was equivalent to the single tax because it contained exactly the same property rights that were provided for by private land titles.<sup>27</sup> George referred to these property rights in the phrase ". . . under such conditions as would sacredly guard the private right to improvements."<sup>28</sup> He might have gone on to specify these conditions as long-term leases issued in exchange for land titles, with the leases being renewable on demand and transferable. Although unaware of the modern theory of property rights, George realized that leases or titles have value only insofar as they give their holders certain rights. If the property rights to land are the same under a lease as under a title, the systems are equivalent.

As stated above, George preferred the single tax to the State letting out land titles because it yielded a less costly result. If society ever reached the decision to assert man's common right to the land, free market economists would favour the single tax and private land titles for the same reason.

Thus we may conclude that at the very least, equating the single tax with land nationalization is a vague generalization. All that can be claimed is that it is possible to conceive of a system where the State holds titles which is equivalent to the single tax (save for operating costs). Modern property rights theory would lead us to expect this. But this system entails no State control over the use of land, and therefore it is not what is commonly meant by land nationalization. An accurate statement would also note that George proposed the single tax

rather than this other method and that land titles remain in private hands under the single tax.

v

### **The Single Tax and Private Property in Land**

STATEMENTS THAT GEORGE INTENDED to abolish the institution of private property in land are common. It is certain that a number of these statements are based on the 77 pages of *Progress and Poverty* which argue for the abolition of private property in land "as now constituted." Alternatively there are those who make this claim while realising that the single tax leaves land titles in private hands; they consider that the effect of the single tax is to abolish private property in land. This claim, like others, can be considered on the basis that George's proposal is the best test of where he stood on the institution of private property in land.<sup>29</sup>

Although possession of a title is accepted as the usual definition of ownership, property is a complicated legal concept. Two important attributes of property are that it is appropriable and that it has value otherwise owners would have little incentive to maintain their property rights. Goods such as air and ocean water are appropriable but are not regarded as property mainly because they are not scarce and because man cannot enforce exclusive rights over their use.

Economists consider that ownership consists of three conditions; the right to exclude others from the use of property, the right to use or change the form of property, and the right to transfer all or some of the rights in an asset through sale or rent.<sup>30</sup> These rights are often abbreviated to the right of exclusion, use and sale. But ownership is not an exclusive right. It is limited by legal restrictions which are usually imposed by the State. For example, a person who possesses an automobile is able to exercise the three rights of ownership, but is not allowed to exceed the speed limit.

The largest bundle of rights that can be held by an owner of land in most societies is known as fee simple ownership. Raleigh Barlowe stated:

Every fee simple owner holds a bundle of separable property sticks or rights. He has the right to possess, use, and within reason to exploit, abuse, and even destroy his land resource. He can sell his land with or without deed restrictions that affect its future use. He can give it away, trade it for other things, or devise it in any of a number of ways to his heirs. He can lease his use rights to others. He can mortgage his property or permit liens to be established against it. He can subdivide his land holdings or grant easements for particular uses. He can enter into contractual arrangements involving the development, use or disposition of his resource holdings. And he exercises these rights, as long as he has not disposed of them, to the exclusion of all other persons.<sup>31</sup>

But again, the fee simple owners' rights are limited by law. Alchian and Demsetz have pointed out that often more than one party can claim some ownership interest in the same resource:

One party may own the right to till land, while another, perhaps the State, may own an easement to traverse or otherwise use the land for specific purposes. It is not the resource itself which is owned; it is a bundle, or a portion, of rights to *use* a resource that is owned. In its original meaning, property referred solely to a right, title, or interest, and resources could not be identified as property any more than they could be identified as right, title, or interest.<sup>32</sup>

These property rights concepts shed light on the controversy over the single tax and private property in land. Land titles confer the right of exclusion, the right to use/improve landed property and the *legal* right to sell it. On the other hand, those who have argued that the taxation of rent destroys private property in land stressed that the price of land would fall to zero if all rent accrues to the State. Thus land would have no value, an attribute of property. Further, a zero price of land *effectively precludes* its sales, a condition of private ownership. A factor in the origin of the controversy emerges if it is accepted that land was mainly valued for its income in the 19th century.

Although those versed in the property rights approach to ownership would disagree with the practice of designating land privately- or State-owned under George's system, the fact remains that these designations have been made. If the three conditions of ownership are used to consider the issue, the major question is whether George was correct in stating that the price of land would be zero if the single tax was implemented. The doubt arises because, as shown above, the land titles present under George's system confer specific property rights over and above the right to receive rent. Logically these rights would carry a willingness to pay component which could be translated into a residual value for land.

Consider land which yields an annual rent of \$1,000.<sup>33</sup> Given an interest rate of 10 percent, George would expect the value of that land to be \$10,000. Under the single tax, the original holder would retain title to the land and would pay an annual rent of \$1,000 to the State. However, the title to the land carries, among other things, the right to continuous occupancy and the right to exclude others from the use of the land. If these rights are worth, say, \$50 annually to the titleholder, the value of the land would be \$10,500; if \$1,000 is taxed as rent the land would still have a market value of \$500. In other words, even if the taxation of land values is taken to George's point of theoretical perfection, it is probable that the way in which he detailed the operation of his system would ensure a market value for land.

Note that this interpretation is consistent with the other system which George considered a just method of securing man's common right to the land; abolishing private titles, and letting land out to the highest bidders under conditions which would safeguard the private right to improvements. The amount of rent collected by the State would be the same in both cases and the conditions which guarantee a private right to improvements (say long term leases) would have the same market value as land titles.

Of course, the possibility set out above is not what George intended since he linked theoretical perfection with a zero price of land. In the example the price of land could be reduced to zero if the annual tax on land is \$1,050. However, this higher tax amounts to charging a rent for the rights conferred by land titles. This would be equivalent to transferring these rights to the State and then renting them back to titleholders. But clearly George did not allow for this. He stressed that owners would retain their land titles.

If George's system is considered as it would work under competitive conditions (when the price of land is zero) and if the three conditions for ownership used by economists are the criteria, the controversy over private ownership cannot be resolved. Land is not private property because although the rights of exclusion and use would apply, land could not be sold. Land could not be considered public or common property because not even the State could exclude a title holder from using land or dictate the pattern of land use.

However if George's system were actually adopted, there would always be a value for land. Actual markets are not purely competitive where *ceteris paribus* conditions are present over a given time period. Even if it is intended to tax the full amount of rent, a price for land would exist due to time lags in the assessment procedure coupled with the inevitable change in tastes and market opportunities. This also makes it possible for a given plot of land to have a negative value after tax. Although in theory the advantage of location would be included in any valuation, an individual's subjective valuation might place a higher price on a locational aspect of land, such as a view, than would society's assessment of its exchange value.

Further, while George argued that all rent should be taxed, he and his followers have long advocated the gradual imposition of the single tax. On the question of the actual implementation of his system, George stated that his proposal might work better if a portion of rent is left to the owners of land.<sup>34</sup>

While it would be best if the single tax were discussed in terms of a redistribution of property rights, nevertheless it is likely that the three conditions of ownership are implied by the operation of the single tax as described by George. This is because the property rights conferred by land titles would have value.

Claims that the single tax does not meet all the requirements for private property in land if the price of land falls to zero are correct but curious. They amount to contending that the theoretical operation of George's system destroys the institution of private property in land while his system, as it would actually operate, meets the conditions for private ownership.

## VI

**Conclusion**

ALTHOUGH SOME QUESTIONS may remain on the theoretical operation of George's system, it has been shown that the actual implementation of the single tax will not destroy the institution of private property in land; the three conditions of ownership would be present under George's system. It has also been established that it is incorrect to equate the single tax to land nationalization.

It is mentioned above that Dales viewed private property as an imprecise concept because of its ideological nature and felt that controversy involving private property can be more easily avoided if arguments are couched in terms of property rights. It is difficult to find fault with this position. Thus there is a case for adding a discussion on property rights to the typical reply of George's followers to the charge that the single tax abolishes private property in land. It would be easier to find support for the taxation of rent if private property in land were not so firmly entrenched. No less an opponent of George than Alfred Marshall felt that the single tax could be adopted in new countries.<sup>35</sup> Bruce Yandle and Andy Barnett have shown how George's recognition of property rights can be used to resolve problems in the area of environmental resources.<sup>36</sup> George's followers should emphasise that the single tax would not abolish the institution of private property in land, but that it would change it. This point clarifies George's position and is valuable as a teaching aid. By using an example of how the taxation of rent can be applied to a resource where private property has not been accepted as the rule, the effect of George's system can be illustrated. The issue of the taxation of land rent is then more easily broached.

**Notes**

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6. Armen A. Alchian and Harold Demsetz, "The Property Right Paradigm," *Journal of Economic History*, 33 (March, 1973), p. 17.
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14. *Ibid.*, pp. 69-70.
15. *Ibid.*, p. 70.
16. Henry George, *op. cit.*, p. 405.
17. Jacob Oser and William C. Blanchfield, *The Evolution of Economic Thought*, 3rd ed. (New York: Harcourt, 1975), p. 353.
18. *Ibid.*, p. 354.
19. Clark, *op. cit.*, p. 357.
20. Editors, *op. cit.*, p. 360.
21. Steven B. Cord, "A New Look at Henry George," *American Journal of Economics and Sociology*, 27 (October, 1968), p. 397.
22. George, *op. cit.*, p. 403.
23. This statement refers to the chapter in *Progress and Poverty*, "How Equal Rights to the Land may be Asserted and Secured," see pp. 403-07.
24. *Ibid.*, p. 405.
25. Harold Demsetz, "Toward a Theory of Property Rights," *American Economic Review*, 57 (May, 1967), p. 347.
26. Gordon Tulloch, "Inheritance Justified," *Journal of Law and Economics*, 14 (Oct., 1971), pp. 465-74.
27. This statement abstracts from the costs of instituting the systems.
28. George, *op. cit.*, p. 403.
29. For example see Clark, *op. cit.*, p. 358.
30. Eirik Furubotn and Svetozak Pejovich, "Property Rights and Economic Theory: A Survey of Recent Literature," *Journal of Economic Literature*, 10 (December, 1972), pp. 1139-40. See also Dales, *op. cit.*, p. 59.
31. Raleigh Barlowe, *Land Resource Economics*, 3rd ed. (Englewood Cliffs, N.J. Prentice-Hall Inc., 1978), p. 398.
32. Alchian and Demsetz, *op. cit.*, p. 17.
33. The \$1,000 is rent as defined by George, "the value of the produce from land over that which the same application can secure from the least productive land in use". It should be noted that George considered land involving rent to include not only urban (including industrial and commercial as well as residential), but agricultural, mineral and all natural resource land; his followers add (among other things) the electro magnetic spectrum, air travel routes and landing slots, and space, particularly the geosynchronous orbit. See George, *op. cit.*, pp. 168-70.
34. George, *op. cit.*, p. 405.

35. Alfred Marshall, "Three Lectures on 'Progress and Poverty'," *Journal of Law and Economics*, 12 (April, 1969), p. 205.

36. Bruce Yandle Jr. and Andy H. Barnett, "Henry George, Property Rights and Environmental Quality: Classical Answers to 'New Problems'," *American Journal of Economics and Sociology*, 33 (October, 1974), pp. 393-400.

### ***A Plan to Safeguard the Public's Coal***

INTERIOR SECRETARY DONALD P. HODEL announced on February 26, 1986 a new plan to safeguard the public's interest in the coal reserves on the country's public lands.

The program for permitting coal mining on the public lands under federal leases had been suspended in 1984 after complaints were made that the public was being cheated. Complainants held, says Philip Shabecoff writing in the *New York Times*, that the program as administered by James G. Watt when he was Interior Secretary was mismanaged and not returning a fair market value to the Treasury for the benefit of all the citizens for coal sold to private operators. Mr. Watt has been called "his party's most successful fund-raiser."

Under the plan announced by Mr. Hodel, steps will be taken to assure the accurate appraisal of the value of coal deposits on land administered for the people by the Federal Government and to obtain an appropriate return for the privilege of mining it reflecting true market conditions.

To allow time to prepare environmental reports, coal leasing would not begin under the plan until late 1987. No sites or amounts of coal are specified. These decisions would be made largely by regional coal teams rather than the Secretary of the Interior, a political appointee whose appointment normally is cleared by the national committee of the party in power.

The regional coal teams would comprise representatives of the Interior Department's Bureau of Land Management and of state governments, that is, by bureaucrats, civil servants and professional politicians. Unless citizen organizations take an active role in the process, and professional organizations of mining engineers, appraisers and economists monitor the regional teams' activities, the danger still exists of another Teapot Dome or Muscle Shoals scandal.

Republican democracy works by means of a system of checks and balances. Organizations interested in safeguarding the public's resource wealth and in preserving ecological and environmental interests that concern every American will be tested as they match wits with special interests.

WILL LISSNER