

## “SINGLE-TAX GEORGE”

UNDER THIS title Mr Arthur Birnie has written for the Discussion Books Series (Thomas Nelson & Sons, Ltd., 2s.) an account of the life of Henry George. Although the main facts of his career are stated correctly, the tone and outlook are entirely misleading. Henry George is presented as a “frustrated idealist.” “Disappointment and frustration dogged his footsteps.” There is no warrant for this view in the various books about him which have been written by those in a position to know. Indeed, there are still with us many who could testify to the contrary. He was an idealist and an optimist. He saw quite clearly that he had propounded a theory which challenged existing institutions and habits of thought that would not easily die, and he lived to see it make more progress than could have been expected in one man’s lifetime.

Numerous inaccuracies of detail arise from Mr Birnie’s misconception of Henry George’s character. In reference to a conversation with his mother at the age of eighteen on the subject of slavery, when in reply to her suggestion that the majority of slave-owners were doubtless “humanely disposed people,” he said that the question was not what they “seemed likely to do” but what they “could do,” Mr Birnie says: “Already the intransigence of the abstract reasoner was beginning to show itself.” But was it a matter of abstract reasoning or a burning question of human rights and human liberty that was to plunge the United States in a short time into the miseries of civil war?

When Henry George asked for an increase in his salary as managing editor of the *San Francisco Times*, Mr Birnie calls him a swell-headed young fellow. Referring to Henry George’s correspondence with John Stuart Mill over the question of Chinese immigration Mr Birnie talks of the “facile optimism of the nineteenth-century liberal” (Mill), and implies that George published the correspondence in order to gain for himself profitable publicity.

In dealing with the history of the *San Francisco Evening Post* Mr Birnie says that Senator Jones of Nevada was persuaded to put \$48,000 into the enterprise. The fact is that Jones offered the money. Mr Birnie goes on to say that George’s schemes for establishing a morning paper and an illustrated Sunday newspaper were knocked on the head when Jones asked for his money back. In fact the morning paper was started and a Sunday edition which was the first illustrated Sunday paper ever published. Senator Jones demanded repayment or the transfer of the enterprise to him at a time of financial crisis when the Bank of California had suspended payment. To suggest that this was all due to George’s sanguine temperament is surely misleading.

Similar belittling of George’s character is found in the suggestion that the economic misfortunes of himself and his family were due to his “careless temperament,” and to his “blowing” any surplus cash he had “on some luxury like horse-riding.” The facts are that he bought the horse when editing the *Evening Post*, his financial circumstances then justifying it, and he rode it to and from his office, but as the story is here told it would appear that this happened during the period of straitened resources after he lost that paper.

Referring to the occasion when Henry George and his family were the guests in London of Miss Helen Taylor, the stepdaughter of John Stuart Mill, Mr Birnie says that “possessed of great wealth, she amused herself by supporting all kinds of advanced causes.” Both items in this description of Miss Taylor are misleading. Mr Birnie then goes on to say that she made

a complete conquest of George by telling him that “she accepted his theory, with a reservation about compensation to landowners,” and that he immediately wrote her down as “one of the most intelligent women I ever met.” If this story were true George would not have so described her. Miss Taylor’s views on compensation were these: “First let the landlords pay to the nation the back taxes of four shillings in the pound on the actual value of their land from the time of Charles II—from which time they have been paying little or nothing—and, moreover, let them pay the nation interest and compound interest on the money thus withheld, and then out of this great fund we can compensate the present individual cases.”

Let us now turn to what Mr Birnie has to say in criticism of George’s theories. In his view the weak link in the chain of reasoning is the assumption that land is the “only form of wealth that can be monopolized.” But, says Mr Birnie, “what about capital? Capital is scarce as well as land. . . . The employer, too, is a monopolist, because he owns or controls that scarce commodity, capital, without which modern industry could not be carried on.” The syllogism here appears to be: Everything that is scarce is monopolized. Capital is scarce. Therefore capital is monopolized. Mr Birnie might have gone one better. He might have said: Everything that has value is scarce. Therefore everything that has value is monopolized.

The fallacy arises from failure to define the term “monopoly.” Monopoly arises when one person, or a body of persons, are in the position to control the supply of any article, and use that power to diminish the supply and raise the price so as to procure a greater net return than could be obtained in competitive industry.

Mr Birnie, if he wishes to grapple with this question, must explain the circumstances which permit monopoly. There are many well-known examples such as railways, telegraphs, gas and electricity. Whence arises the monopoly of the companies which controls such undertakings? Does it arise from the ownership of capital? There are many undertakings which can manufacture rails and locomotives, telegraph wires, gas pipes and retorts, electric cables and generators. Do they, apart from such of these articles as may be patented, possess a monopoly? Surely not. The monopoly arises from the exclusive right, granted by the State, to provide a certain service within a defined area and to exclude competitors. In some of these cases, it is instructive to note that the monopoly has been impaired by the discovery of new means of rendering the service which are outside the legal monopoly granted by the State. Thus the invention of the internal combustion engine has impaired the monopoly of the railway companies, and the invention of wireless telegraphy has impaired the monopoly of telegraphy by means of wires. It is also worth noticing that the State in both these cases has intervened, not on the side of consumers, but on the side of monopolists, in the one case to protect the railways against the competition of road transport, and in the other as a telegraph monopolist to protect itself against the competition of wireless telegraphy. It may also be true that it is not practicable to provide sufficient channels over or under the ground or through the ether to enable free competition to subsist in these enterprises, but the fact remains that the monopoly exists because of restrictions on supply sanctioned by the State.

Without digressing further, the point is that monopoly

is not a necessary condition for the supply of all commodities and services. It can exist only under certain circumstances which prevent free competition. Henry George was quite well aware of this. He not only wished to secure equal rights to land by taking land values for public revenue and so preventing the holding of land out of use, but he also advocated the abolition of all protective tariffs (in which he would have included quotas and other trade restrictions). For the rest he said: "With respect to monopolies other than the monopoly of land, we hold that where free competition becomes impossible, as in telegraphs, railroads, water and gas supplies, etc., such business becomes a proper social function, which should be controlled and managed by and for the whole people concerned, through their proper government, local, state or national, as may be."

Finally, a word about the notion that Henry George's ideas are an exploded fallacy and have sunk into

obscurity. The truth is that they have become part of the common inheritance of the English-speaking world, and that they are influencing the thought and actions of men who have never read him. A large body of legislation is already in operation applying his proposals to local taxation in the British Dominions and Colonies and in Denmark. The action of hundreds of municipalities in this country in seeking similar powers is ultimately due to Henry George. The campaign over the Budget of 1909 (imperfect as it was) and the destruction of the powers of the House of Lords over financial measures and the curtailment of those powers over other legislation are traceable to the same source. This is no insubstantial achievement during the course of sixty years in face of the opposition of a powerful and well-entrenched vested interest. It is given to few men to accomplish so much in so short a time.

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## THE SPEAKER'S RULING

### "Private" Bills and "Public" Bills

THE RULING of the Speaker of the House of Commons that the London County Council's Bill for rating of site values could not be allowed to proceed as a Private Bill and ought to be introduced as a Public Bill raises an issue which is of great importance to local authorities and other bodies which have the power to introduce Private Bills. The power to introduce Private Bills is not confined to local authorities, but extends also to railway companies, gas companies and other public utility undertakings. It is constantly and extensively used for the purpose of conferring upon such bodies powers which they do not at present possess.

Under that procedure the Bill is referred to a special committee of the House of Commons before whom persons or bodies which have petitioned against the Bill can appear and be heard by counsel. There is, therefore, greater facility for opponents to make their views known and to have them considered than in the case of a Public Bill. The whole procedure is completely under the control of Parliament.

The real distinction between the two kinds of legislation is that under Private Bill procedure the promoters and the opponents of the measure have some certainty that the proposal will receive consideration, while under Public Bill procedure the opportunity of a Bill introduced by a private Member receiving consideration is extremely limited because the Government controls the allocation of time for discussion. Unless, therefore, the Government is prepared to find space in the Parliamentary time-table, the chance of a Public Bill making progress is extremely small.

It is undoubtedly for that reason that the opponents of the London County Council sought the Speaker's ruling. They took that means of preventing a discussion on the Bill and of preventing it from making progress.

The ground of the Speaker's ruling is that the Bill "raises questions of public policy of great importance, and affects interests of vast magnitude, including interests which are more than local." It is somewhat difficult to understand what the point of the phrase "interests which are more than local" may be. The Bill proposed to impose a rate on the value of land in London and only in London. The owners of that land may reside elsewhere, but even at present occupiers of business and commercial premises are liable to pay rates in London although they may reside elsewhere. It was a proposal to rate for local purposes land which is benefited in value by local expenditure and local

activities, and would seem in that respect to be a proper subject for Private Bill procedure.

It is true that the Bill raised a question of magnitude and importance. If it had not, there would have been little excuse for promoting it in the first place. But other Bills raising questions of magnitude and importance have been allowed to proceed. Examples were given by Mr Herbert Morrison in the very able submission which he made to the Speaker before the ruling was given. One was the Bills for the co-ordination of London traffic promoted some years ago by the London County Council and the London traffic combine, which would have made a fundamental alteration in the whole of the control and powers of providing passenger transport by underground, tramcar and omnibus not only in London, but in a still greater surrounding area.

Although the only example of a special local system of rating in England is the special power enjoyed by the Corporation of the City of London to rate empty property, there are numerous examples in point in the British Dominions, where it is quite common for local authorities to possess optional powers to rate site values, and where there are numerous examples of various systems of rating being in operation in adjoining municipalities.

It is much to be regretted that a ruling on what is largely a technicality should have prevented the London County Council from proceeding with its measure. This is all the more deplorable when instructed opinion is coming to the conclusion that the present system of local taxation is rapidly breaking down and some new system must be devised.

Those who have the interest of local government at heart will, at any rate, be grateful to the London County Council for having prepared its Bill, which has solved all the technical and administrative problems which would arise in applying the rating of site values in this country.

All power to London County Council in its effort to force its Rating of Sites Values Bill on to the Statute Book! Mr Speaker has banned the Bill on a political technicality; but rating and taxation of land values cannot longer be delayed if considerations of social justice and economic necessity are to guide our national policy. Mr Morrison promises us that, although the L.C.C. challenge to the land monopoly has been stalled, it has not been stopped. He has the country behind him in his determination to carry the challenge to a successful issue.—*Reynolds' News*, 12th February.