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Author(s): Jerome F. Heavey

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# Comments on Warren Samuels's "Why the Georgist Movement Has Not Succeeded"

By JEROME F. HEAVEY\*

ABSTRACT. The 16<sup>th</sup> Amendment and the formation of the European Union were major political/economic reforms that should be seen as affirmations of the fundamental principles and teachings of Henry George. That these are not matters of interest to the self-defined Georgist movement reveals an excessively narrow focus of that movement and suggests its members' unfamiliarity with much of George's teachings.

Warren Samuels has provided an extensive and well-reasoned list of answers to the question posed in his title. That he chose this title rather than "Why the Georgist Movement Has *Failed*" suggests that the movement is still a work in progress. He offers his own definition of "what would unequivocally constitute a *successful* Georgist movement . . . it would be widespread adoption of and approval for intensive taxation on unimproved land and on the land element of improved land, and possibly on such other sources as broadcast licenses, oil leases, landing rights, fishing quotas, taxi medallions, and so on, so as to capture an arguably significant proportion of economic rent." Professor Samuels notes that not everyone would agree with his definition of success, or even with his definition of Georgism. It is from this point that I wish to begin my own comments.

First, we may ask whether there is something in existence that properly can be called The Georgist Movement, and I ask that of all three words. Is there a movement? Is it a single movement? Is it Georgist? If an action is not *called* Georgist may it *be* Georgist? For that matter, does calling an action Georgist make it Georgist?

There is a certain religiosity associated with George and the

\*The author is Professor of Economics in the Department of Economics and Business at Lafayette College. This paper was prepared for the Eastern Economic Association Meetings, Boston, Massachusetts, March 16, 2002.

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Georgist movement. At the funeral of Henry George, Dr. Edward McGlynn, the Catholic priest who was George's comrade in the founding of the Anti-Poverty Society, eulogized George with these words, "As truly as there was a man sent of God whose name was John, there was a man sent of God whose name was Henry George." It is reported that the congregation gasped and then burst into a storm of applause.<sup>1</sup> Some years ago Bob Clancy, editor of *The Henry George Journal*, created a set of three paintings depicting human history from the era of the caveman to the late 20<sup>th</sup> century. In the center of each painting was the figure of a great lawgiver. The first painting was centered on Moses, the second on Jesus Christ. This audience will know before I say it that the third painting was centered on Henry George.

Non-Georgists have a tendency to describe Georgists as zealots, not without justification, and zealotry does tend to narrow the field of vision. Although many public policies consistent with George's thought have been enacted, Georgists who are true believers may not recognize these successes because they were not done *in his name*. Was George himself subject to this narrowness of vision, or would he hold that "those who are not against me are with me"? Before I leave this protracted religious metaphor I will observe that of the approximately six billion human beings on this earth, five billion are not Christians. Do Christians conclude that Christianity has not succeeded, or do they reflect that there is still time before the end of the world? After all, it is only this year that we will celebrate the mere 123rd anniversary of *Progress and Poverty*.

Part of being a true believer is a habit of defining the concerns of the movement too narrowly, perhaps more narrowly than George would have defined them. I want to suggest that George was concerned with something much more fundamental than land rent and its taxation. In essence George's concept of economic justice was this: that human beings have an inalienable right to the product of their own labor.<sup>2</sup> That is why he was opposed to tariffs, because they are a tax on consumption, and therefore a tax on the wages of the worker. George called land the "field of all labor."<sup>3</sup> Land has no value without labor to work it. The idle person who rents land to workers takes part of their product in the form of land rent. The crime of land rent is not that it is unearned, but that it is taken from those who did earn

it. The tyrant who supports his court and armies with the rents from his estates is no worse than the tyrant who supports them with a tax on bread. The Georgist movement doesn't appear to be much concerned with the tax on bread, nor with other taxes that one would think would have drawn condemnation from George himself.

For example, whatever we may think of the Social Security program as an intergenerational Ponzi scheme, the chronic use of Social Security taxes to fund general government expenditures represents a massive failure to adopt the bedrock Georgist principle of de-taxing labor. That the Social Security tax does not draw the attention and ire of the present day Georgist movement demonstrates how narrow is the focus of that movement, and suggests, too, how unacquainted the movement may be with much of George's work.

From a broader definition of Georgism there follows a broader definition of what constitutes a Georgist success. Professor Samuels mentions a series of minor successes, in many jurisdictions, here and abroad, consisting of taxation of one or more of the elements of rent listed above. The present-day Georgist movement appears to be limited to a single practical, positive policy prescription, the two-rate real estate tax. The adoption of the two-rate tax in a number of local jurisdictions, notably in Pennsylvania, is, perhaps, the major part of that "series of minor successes" to which Professor Samuels refers. Let me mention another practical, positive policy that Henry George proposed: free trade. The European Economic Community, now evolved into the European Union, and the North American Free Trade Association (NAFTA), would both, I think, be applauded by Henry George. It was for just such abolition of tariffs that he argued in *Protection and Free Trade*. It was because of Grover Cleveland's position on the tariff question that George supported him as a candidate for president. Yet, NAFTA and the European Union are not likely to be counted as successes by members of the Georgist movement, because they were not done in his name. The reduction or abolition of tariffs ought to be viewed by Georgists as a success. Whether that success is due to the efforts of those who call themselves part of the Georgist movement is less important, if it is important at all. I don't know that Nobel Laureate Milton Friedman has ever been listed as a member of the Georgist movement, yet he readily quoted from

*Protection and Free Trade* when testifying before a Senate committee on trade policy. There may be a lot of people who do not call themselves Georgists, but who act in accordance with Georgist principles. Are they part of the Georgist movement? Are their successes the Georgist movement's successes?

Where the taxation of land rent was concerned, Henry George's policy prescriptions were extremely simple, and extremely lacking in detail. While practical as tax policy, they were impractical in their view of human nature. George was an odd mixture of realist and idealist. Cynical about politics and politicians, he yet appeared to have an optimistic view of government, to which he would give control of all monopolies. James Madison had written that if men were angels there would be no need of laws. Henry George appears to have believed that if we had the right laws, men would be angels, that a New Jerusalem could be established by one simple change in property rights. In an article generally favorable to George that appeared in a recent issue of the *Journal of Economic Literature*, John Whitaker says of George that "[h]is uncompromising insistence that his specific program offered the only satisfactory solution to social problems limited the scope for alliance with other radical and reformist groups."<sup>4</sup> This inability to cooperate might have cost the Georgist movement an opportunity to redirect the federal tax structure. The ratification of the 16<sup>th</sup> Amendment in 1913 and the subsequent enactment of the federal individual income tax represented one of the great accomplishments of the Progressive movement in the United States. When first enacted, the income tax provided a personal exemption of \$4,000 for a married couple, an amount almost 12 times the average income of married couples then.<sup>5</sup> The tax rate on taxable income was a mere 4%, and the tax applied to less than 1% of the population.<sup>6</sup> In short, the income tax was not initially a tax on wages, nor on the working class. It was a tax on the wealthy. Given the concentration of land ownership, and the inclusion of rental income in taxable income, the income tax was a great initiative toward the taxation of the unearned increment from land. Whether this opportunity was ever understood by Georgists, I do not know. It is tempting to engage in the writing of counterfactual history and speculate on what might have happened had the later increase in the revenue generation from

the income tax been accomplished by heavier taxation of rents instead of heavier taxation of wages. Instead, the passage of the 16<sup>th</sup> Amendment effectively ended the fight for a single tax.

Whitaker writes, "If George in 1879 had been in command of the old political economy, by 1897 he was uncomprehending of the new academic discipline of economics that had replaced it."<sup>7</sup> George heaped scorn upon what he considered a pseudoscience, and the economists retaliated in kind. Francis Walker has come to epitomize the academic attack on Henry George, an attack that George's biographers consider unfair and that can be described as the official academic view, or neglect, of George for the next half-century.<sup>8</sup> That this neglect is ending is one conclusion to draw from the *Journal of Economic Literature's* publication of a major article on Henry George, in which George is treated more favorably than is his old nemesis Francis Amasa Walker.

The neglect was unfortunate. It need not have happened, and Whitaker offers evidence that George was given serious attention at leading academic institutions during his lifetime. The neglect is ironic when one considers the serious attention that academic economists were to give to socialism (and even to Marxism!). It is particularly ironic in view of George's seminal role in the development of British socialism. (If George Bernard Shaw is to be credited, one of Henry George's greatest successes was the creation of the British socialist movement.)

George argued, "to make wages what justice commands they should be, the full earnings of the laborer, we must therefore substitute for the individual ownership of land a common ownership."<sup>9</sup> "What is necessary for the [best] use of land," he wrote, "is "not private ownership, but the security of improvements . . . give a man security that he may reap, and he will sow."<sup>10</sup> He followed this with an account of seal hunting islands in the Aleutian Archipelago, where a tragedy of the commons, the destruction of the seal herds, had been avoided by the granting of leases with exclusive hunting rights.<sup>11</sup> In short, George proposed that private ownership of the land be replaced by private right to use the land and to use its fruits and to sell improvements to the land. Private ownership of a resource means the possession of a bundle of rights in that resource. George proposed to

leave with the private individual all of those rights save one, the right to capture an unearned increment by sale of the land.

There are three obvious ways that society can capture the unearned increment: by requiring lease payments from the land user, by a wealth tax, and by a tax on rental income. The choice amongst the alternatives should be made on a practical basis, which alternative will collect the greatest amount of the unearned increment, net of the cost of collection. One reason why the Georgist movement has not had greater success is the irrational exuberance of its argument that it is possible to collect all of the unearned increment and to do so with no significant costs to society. This is coupled with an apparent failure to understand that private property rights are essential to the functioning of the markets that are the only way to determine the value of land in the first place.

Throughout my remarks I have used the phrase “Georgist movement,” and therefore I have implied that such a movement exists. Perhaps I should not say *a* movement. If there were a Georgist political party and if it were the only party in the U.S. Congress, we would have a truly multiparty Congress. But when we ask why the Georgist movement has not succeeded, perhaps we place too much emphasis upon the name and fail to recognize partial successes. And perhaps we are impatient. One hundred and twenty-three years is a very short slice of human history.

### Notes

1. Bell (1968:266).
2. This statement is not essentially different from Nicolaus Tideman’s postulate reported by Professor Samuels on the last page of his paper. But, as Samuels says, in what I think is understatement, Georgists may not agree on what are the fundamental principles of Georgism.
3. George (1992:328).
4. Whitaker (1997:1894).
5. Goode (1972:224).
6. Goode (1972:4).
7. Whitaker (1997:1911).
8. Barker (1955:430).
9. George (1992:328).
10. George (1992:398).
11. George (1992:400–01).

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