

THE SINGLE TAX REVIEW

A Record of the Progress of Single Tax and Tax Reform
Throughout the World.

HENRY GEORGE

A PAPER READ BY THOMAS E. LYONS, OF THE WISCONSIN TAX
COMMISSION BEFORE THE MADISON LITERARY CLUB
DECEMBER 13, 1915

We print Mr. Lyons' address because it is of interest as coming from a man of
breadth and culture who is yet not a Single Taxer.—EDITOR SINGLE TAX REVIEW.

(CONCLUDED)

The discussion of the merits of Henry George's theories from an economic standpoint is beyond the scope and purpose of this paper. But "Progress and Poverty" is so clearly his *magnum opus* and constitutes so central and important an achievement of his life as to justify, if not require, a somewhat extended statement of its fundamental doctrines without any attempt to appraise their value.

The basic theory of Henry George's philosophy is that as land, like air and light, is essential to human existence, is limited in quantity and location, cannot be decreased or increased, and is not the product of human labor, but the gift of God to all his children, it was intended to be and is the common property of all mankind; that every human being born into the world has an equal right to its use, and that the appropriation of all or any part of the earth's surface by one person, class or generation to the exclusion of others, is a violation of this common right, and contrary to the natural order; that private property in land, being inconsistent with this common right, is morally, historically and economically wrong, and the source of all our economic ills. As he graphically puts it:

"Let the parchments be ever so many, the possession ever so long natural justice can recognize no right in one man to the possession and enjoyment of land that is not equally the right of all his fellows. Though his titles have been acquiesced in by generation after generation, the poorest child that is born in London today has as much right to the landed estates of the Duke of Westminster as his eldest son."

He further argues that, as all increase in value of land results from increase in population or community enterprise, and not from individual exertion, such increase in value also belongs to the community. If, as he contends, the land belongs to the community in its collective capacity, it follows as a necessary corollary that the income derived therefrom or its economic rent also belongs to the community and should be devoted to its use. The denial of private ownership is not inconsistent with private use and occupancy. That must be not only permitted, but encouraged and protected. The best use of land requires permanent, secure and undisturbed possession. But the person granted such exclusive right should pay an equivalent to the community. The measure of this equivalent in the case of any given description of land is the rent which it would ordinarily yield, and this rent George stoutly maintains belongs to the community as much as the land itself.

Observe that the right of private ownership is denied on the ground that it is not the product of human labor. This implied that converse proposition that whatever is produced by human labor rightfully belongs to him who produced it, and such is George's doctrine. The common right of all to the free gifts of nature, such as land, air, light and water, and the exclusive right of each to the product of his own labor, are the corner stones to the George philosophy. Both of these positions he maintains without restriction or qualification.

It follows from these premises that both increase in the value of land and the annual rent thereof belong to the community, and George proposes that so far as necessary all this fund be appropriated by the community in the form of a tax and expended for its use. This is the panacea prescribed for all our economic ills; that is what his followers have called the Single Tax. However slow a learned or sordid world may be to acknowledge the efficacy of this remedy, there can be little doubt of George's faith in its curative powers. In his own words:

"It will substitute equality for inequality; plenty for want; justice for injustice; social strength for social weakness; and will open the way to grander and nobler advances of civilization."

That such beneficent consequences could flow from a mere measure of tax reform is difficult to believe, and it is not in this feature of the remedy that George based his hope. To him the overshadowing evil in our economic system was the private ownership of land, and his confidence in the exclusive tax on rental values is based upon the effect which that tax would have in destroying private ownership, and not upon its merits as a fiscal policy.

The George philosophy of the equal right of all men to the free gifts of nature and the individual right of each man to the product of his own labor, is based upon the natural rights and labor theories of property. These theories are closely related; but neither is wholly new. The natural rights theory of property was widely proclaimed and strongly advocated by the economists

of the last half of the eighteenth century and acquired such a vogue in both hemispheres, that it found its way into the ordinances of the French Revolution and into the Bill of Rights clauses of our national and State constitutions. It has been the basic principle of the law of light and air and navigable waters for generations, and the recent controversy between our national government and the belligerent powers of Europe is nothing more nor less than an assertion of the natural right of all countries to the free and equal use of the open sea. In a modified and more limited way the same principle is recognized in the law of eminent domain relating to the acquisition of private land for public use.

Again the labor theory of property was formulated by the Roman jurist, Paulus, and elaborated by Locke and Lieber long before George was born, and was recognized by Adam Smith, Herbert Spencer and John Stuart Mill. Similarly his remedy of a Single Tax was advocated in a widespread propaganda by the French economists known as the Physiocrats,* led by Quesney and Turgot, a century before "Progress and Poverty" was written and was only checked by the biting sarcasm of Voltaire in the story of the "Man of Forty Crowns."

The cavalier dismissal of the George theory as a mere hobby by street corner and smoking room critics encounters a more formidable array of opponents than they realize. Indeed, as many great names from the history of economics can be cited in support of George's basic theory of property as can be found in favor of any other single theory; but they are names from the pioneers of the past and not from his contemporaries or successors in the economic field. On the contrary, the natural rights and labor theories of property, on which his philosophy is based, have been generally repudiated by modern economists, and the Single Tax has never appealed to them as adequate to the complex conditions of our modern civilization. Several economists of respectable standing have indeed recognized an element of truth in his theories and given qualified support to his remedy; but so far as I have been able to learn not a single economist of acknowledged reputation in Europe or America has approved of the George doctrine in full. This circumstance, taken in connection with the natural conservatism of the property-owning and governing classes, has prevented any general adoption of his views.

How far then is credit for the theories promulgated in his book to be ascribed to Henry George? In his last work, published after his death, he explicitly states that at the time he wrote the pamphlet on "Our Land and Land Policy," which was the acorn from which the oak of "Progress and Poverty" grew, he had never heard of the Physiocrats and had read very little of the economic classics. There is little reason to doubt the accuracy of this statement or that the philosophy presented in "Progress and Poverty" was

*The Single Tax of the Physiocrats, though they had glimpses of the truth, was not the Single Tax of Henry George.—EDITOR SINGLE TAX REVIEW.

the result of his own independent thinking. Long before he wrote, the teachings of Paulus, Locke and the Physiocrats had been either forgotten or rejected, and the modern agitation for a Single Tax is clearly traceable to his thorough and exhaustive presentation of the subject.

How far has his remedy been accepted, and to what extent applied in actual practice? In a partial and limited way, quite widely. In its entirety not at all, and less in the United States, where the idea originated, than elsewhere.

The only attempt to apply the Single Tax in any American State or municipality, except in a few unimportant colonies of the Brook Farm type, is by the partial exemption of buildings and improvements, and these experiments have been so few and faint as to be negligible. A much wider application of his theories has been made in foreign countries, notably in Germany, New Zealand, Australia, Canada and more recently in England. The first actual experiment was made in the German colony of Kiaochau in China in 1898, where an increment tax of one-third of the profit resulting from the sale of real estate was imposed. Frankfort provided for an increment tax in 1904, and this example was rapidly followed by other German municipalities. In 1910 it was estimated that 4500 cities and towns, comprising one-fourth of the entire German population, had adopted an increment land tax. The principle was early accepted in the Australian provinces, primarily to prevent large land holdings, and is in general use for that purpose now. In 1891 New Zealand imposed an increment tax on holdings exceeding 5000 pounds, and exempted all improvements below 3000 pounds. These limits have been extended by subsequent legislation. In 1906 an effort to introduce an increment land tax in Scotland was defeated by the House of Lords, and it was not until the famous Lloyd George Budget of 1909 that provision was made for taxing unearned increment in Great Britain.

Nearly one-half of the cities and towns of western Canada adopted the policy of exempting improvements and gradually abolishing the tax on personal property in greater or less degree, but in no case that I have been able to find has the Single Tax as promulgated by Henry George been adopted in its entirety. The sole extent to which it has been utilized is by the imposition of an unearned increment tax, the gradual exemption of buildings and improvements, and occasional exemption of personal property. In all communities where any application of the principle has been made a large part of the public revenue is still derived from tariff duties, licenses and franchise fees, transfer and occupation taxes. The difference between such a fiscal system and the George Single Tax on the rental value of land as the sole source of public revenue, is too plain to require argument.

Vancouver is often referred to as a city operating under a Single Tax, but careful analysis of its revenues shows that only $80\frac{1}{2}$ per cent. of its receipts for strictly municipal purposes is derived from land and $19\frac{1}{2}$ per cent. from

other sources. These figures are practically identical with the ratio of real estate to personal property in Wisconsin, except that the term real estate as used here includes buildings and improvements. If provincial and dominion taxes be included in the Vancouver budget the result shows that less than 45 per cent. of the total is derived from land and over 55 per cent from other sources. Here again the ratio of taxes derived from land to other taxes is substantially the same as in Wisconsin if the \$25,000,000 contributed for the support of the federal government be included and buildings and improvements be excluded.

The cities of Vancouver and Winnipeg and of Edmonton and Calgary furnish a favorable opportunity for comparing the workings of the so-called Single Tax as against the general property tax system. Vancouver and Winnipeg are both commercial distributing centers, comparable in size and relative importance to their respective communities. The same is true of Edmonton and Calgary. Vancouver and Edmonton adopted an increment tax, exempted improvements and provided for the gradual abolition of the tax on personal property several years ago, while Winnipeg and Calgary still retain the old system. Yet there has been no perceptible difference in the development of these two groups of cities in respect to the number of building permits, growth of population, increase of property values, or general prosperity.* The same is true of Calgary and Edmonton. The so-called tax reform did not accelerate the growth or prosperity of the group adopting it, nor did the retention of the old system retard the progress of the other group. Like comparisons might be made between the Canadian towns which have adopted the Single Tax in partial forms and Tacoma, Seattle, Los Angeles and other American cities on the Pacific Coast. The opponents of the Single Tax may well claim, therefore, that so far as the principle has been applied in practice it has not produced the benefits claimed for it. On the other hand, its advocates may well reply that so far as tried it has not produced the disaster predicted, and more significant still, that it has never been tried at all in its entirety.

While the specific remedy prescribed by Henry George has found little acceptance in law, it does not follow that his teachings have been without influence. Undoubtedly his greatest service consisted in focusing attention on the inequalities in the distribution of wealth and in emphasising the paramount right of community as distinguished from private interest. The effect of his writings in this respect has been substantial and worldwide. It is shown in the conservation movement, the increased regulation of public service corporations, the greater interest in public health, old age pensions, workmen's compensation and other sociological reforms. Neither does it follow that the force of his teachings has been spent. The prospect of the adoption of the

*Canadian taxation authorities do not agree with this.—EDITOR SINGLE TAX REVIEW.

Single Tax in a settled community like Wisconsin with diversified industries and moderate-size land holdings is indeed extremely remote. But with the growth of public burdens, old methods of raising public revenue are bound to receive more critical attention. Within the last ten years taxes have increased about 100 per cent. throughout the United States and 106 per cent. in the State of Wisconsin. A substantial if not equal increase took place in the budgets of the European countries during the same period, and their expenditures since the war began are simply astounding.

In a recent statement the Chancellor of the English Exchequer informed Parliament that the present expenditure of Great Britain is \$25,000,000 a day, or between eight and nine billion dollars a year; that its deadweight debt is now twelve billion dollars as against three billion and six hundred million when the war began; and that at the end of another year the national debt of England would be twenty-one billion dollars, or one-fourth the total wealth of the country. He then added: "I don't think it is within the power of man to estimate what the cost of the war would be if it should last thirty-six months longer." The editor of the *North American Review*, commenting on this statement, estimated that if the European war should continue for three years more the national debt of Great Britain would equal one-half of the total wealth of the country. The expenditure in Germany, with an aggregate wealth less than that of England, is estimated at \$5,000,000,000 for the first year of the war, notwithstanding its enormous expenditures made in preparation. There is no reason to doubt that the expenditures of the other belligerent countries are proportionately large.

Interest and a part of the principle of these vast sums will have to be paid from a diminished economic fund, resulting from wholesale destruction of property and enormous loss in the productive human force. How shall they be met? Taxation of unearned increment is already well established in Germany and has been recently introduced into England, where great landed estates still exist. The income tax has been in force in both countries for many years and constitutes their primary source of public revenue. Can there be any doubt that these stable and fruitful sources of taxation, unearned increment and rental value, will have to bear an increasing share of these mounting obligations? The sullen feeling among industrial classes that they have heretofore borne more than their proper share of the public burden and the growing sentiment in favor of taxation according to ability to pay strongly point in this direction. To what extent the outcome may be ascribed to the teachings of Henry George cannot be definitely known, but that his voice and pen will have had some part in the result can hardly be gainsaid.

Henry George had just completed his fortieth year when "Progress and Poverty" was written. The remaining years of his life were full of intense and varied activity, but as they were largely devoted to the propagation of the doctrines enunciated in that book, and your forbearance must have some

limit, they should, and perhaps can be, hastily reviewed. The necessity of closer contact with his publishers brought him to New York in 1881, and led to the establishment of a permanent residence in that city on his return from Ireland in 1883. The following year was devoted to propagation of his doctrines at home. He wrote extensively and lectured in the leading cities of eastern Canada and the United States, including a closing address in San Francisco, where he was finally accorded the appreciation so long deferred.

Meantime the flame which had been kindled in Ireland had extended to Scotland and England, and he was invited to deliver a course of lectures in Great Britain in 1884. It is doubtful whether any single series of lectures ever attracted more widespread attention. The continued agitation for Home Rule under the slogan of "the land for the people" had aroused the tenant masses throughout the United Kingdom, and brought him qualified support from some of the liberal leaders. The spread of his teachings was so rapid and contagious as to call forth a constant bombardment of criticism from the Tory press, and provoke replies from John Bright, Thomas Huxley, Frederick Harrison, the Duke of Argyle, Arnold Toynbee, and a modification of the views previously expressed by Herbert Spencer in his "Social Statics." George had quoted from Spencer in support of his criticism of private ownership in land, and he could not but regard the later recantation as a surrender to temporary clamor, unworthy of a philosopher. He accordingly prepared and published a reply in pamphlet form, under the title "A Perplexed Philosopher," which is one of the most spirited and sarcastic products of his pen. The Duke of Argyle also attacked his teachings in an article in the *Nineteenth Century* and in due course George replied in the same magazine. These articles were later combined and published in pamphlet form, under the title of "The Peer and The Prophet." The argument follows the same lines pursued in "Progress and Poverty," but with more concrete application to the Duke's criticism. Both articles are exceedingly well written and rank among the best specimens of dialectics. Nevertheless they failed to excite the interest or attract the attention of his former and more exhaustive book.

Henry George had now reached the zenith of his fame. His name was a household word throughout the English-speaking world. His book had been translated into German, Italian and French, and had found its way into Russia, Japan, China and remote Australia. The author was in constant demand for lectures, pamphlet and magazine articles. He wrote successively for the *Overland*, the *Political Science Monthly*, the *North American Review*, the *Nineteenth Century*, and *Scribner's*. Clubs and societies were organized, newspapers founded and endowments created to promote his teachings. Within ten year's time the bibliography of Henry George and the Single Tax probably exceeded that relating to any other work on economics, not excepting Adam Smith's famous "Wealth of Nations." Like Byron, he awoke one morning to find himself famous.

While the economists still opposed him and the conservatives bitterly attacked, he was idolized by the common people, and it is significant that throughout the heated controversy the purity of his private life and sincerity of purpose were never assailed. Among the great names who deemed his teachings worthy of respectful treatment, in addition to those mentioned, were Allan Thorndyke Rice, Stephen D. Field, Wallace Abbott, John Morley, and Chief Justice Coleridge of England, Count Leo Tolstoi and the eminent Belgian economist, Emil de Lavaleye.

In 1891 Pope Leo the Thirteenth issued an encyclical on the conditions of labor, which was generally regarded as an attack on the Single Tax and George's teachings, although neither was especially referred to. George replied in an open letter to the Pope, reviewing the arguments previously presented in "Progress and Poverty" and elaborating his theories on the rights of labor. When the article was completed, it was combined with the Pope's letter and both published simultaneously in England and America, under the title "The Condition of Labor." The pamphlet was widely read at the time and was soon after translated into Italian. That it served a useful purpose is indicated by the result of the concrete case which gave rise to the controversy. Dr. Edward McGlynn, a prominent Catholic priest of New York, had previously been suspended from his priestly office by Archbishop Corrigan for endorsement of George's theories. His subsequent reinstatement by order of Pope Leo without requiring a recantation of his views, was accepted as an acknowledgment that the George teachings were not in conflict with the doctrines of the Catholic church.

"Progress and Poverty" early attracted the widespread attention of Australia and New Zealand, where the acquisition of land in large areas by foreign capitalists was practised on a large scale. In 1891 the author was invited to visit that country and deliver a course of lectures. He made it the occasion of the third visit to England and a trip around the world, reaching Australia in 1892. He had visited Melbourne in 1857, at the age of sixteen, on his first voyage from home, and the marvelous changes which had taken place in the meantime in the development of the country formed a favorable background for reflection and illustration. He made free use of this incident and of the economic changes then in progress. The trip added to his reputation as a platform speaker and demonstrated the world-wide reach of his fame. His course through the provinces was nothing less than a triumphal march.

George's philosophy naturally led to free trade, and he had long contemplated a simple handbook on the subject for the use of workingmen, which he now set out to prepare. Notwithstanding frequent interruptions the book was completed in 1885, under the title of "Protection or Free Trade." It was widely referred to during the tariff campaign of 1892, and in the later debates in Congress, and is probably the only book which was ever incorporated into the Congressional Records in full as an argument against the protective system.

Political life had little attraction for Henry George, but he regarded official station as a favorable coign of vantage for the propagation of his ideas. The politicians did not overlook this circumstance, nor his extraordinary influence with the laboring masses, and repeatedly endeavored to secure his cooperation. These proposals always implied a modification of his views, or at least greater moderation in presenting them, but to all such overtures George turned a deaf ear. While this so-called "impracticability" lessened his standing with the bosses it greatly increased his popularity with the masses, a fact which the politicians could not ignore. He was accordingly invited to participate in the tariff campaign of 1884, and true to his habit, made an out and out free trade speech without compromise or apology. The address won the favor of the audience, but created a panic among his companions on the platform. Such plain speaking in a political campaign was contrary to all established precedent, and he was accordingly notified that his services were no longer required.

Similar experiences had frequently occurred before. When he was writing his pamphlet on the land question a convention was held to revise the California State Constitution, and he was nominated by the Democratic and Workingmen's parties, which seemed equivalent to election. This was the era of Dennis Kearney's ascendancy in that State, and when George was informed by the party committee that the delegates would be expected to follow Kearney's leadership and vote as he advised, his quiet and firm refusal led to the selection of another candidate. When he was nominated for mayor of New York, he was notified by a representative of Tammany Hall that he could not be elected mayor, and if elected, would not be counted in, but that if he would withdraw from the contest he would be nominated for Congress in a safe congressional district and his election assured without effort on his part. The proposal met with the same fate as the leadership of Dennis Kearney. During the same campaign when an enthusiastic supporter introduced him to a meeting of workingmen as the laboring men's candidate, he sharply replied that he never professed to be the special friend of workingmen, and desired no special privileges for them, but on the contrary, stood for the equality of all men before the law.

Notwithstanding these repeated refusals to compromise his convictions, in 1886 the workingmen of New York forced his nomination for mayor of that great city, although he had been a resident for less than three years. The brilliant and exciting campaign which followed attracted the attention of all parts of the country, and while Henry George was defeated by the Democratic candidate, he received a handsome endorsement and completely outdistanced no less distinguished an opponent than Theodore Roosevelt.

He had long cherished the hope of writing an exhaustive work on political economy, and entered upon this task upon his return from Australia in 1893, but failing health and frequent interruptions delayed its progress and it was

left incomplete at his death. Constant and exhausting drafts upon a constitution never over strong proved too great a strain upon his energy and now began to tell upon his health. A winter in Bermuda improved his condition, but he never recovered his former strength. The old-time fire was gone. In 1897 he was again nominated for mayor of New York, and accepted the candidacy, notwithstanding his declining health. It was during the progress of this campaign, and at the close of an exciting meeting, that a sudden stroke of apoplexy interrupted his labors and terminated his career a few days later. The grim reaper found him, like Cyrano de Bergerac, with sword in hand, fighting the evils of injustice and cruelty with his latest breath.

The spectacle of a man of humble origin and limited opportunities rising to place and power is not uncommon in American history. But such rise is generally traceable to influential backing, the espousal of issues temporarily popular, or the effect of a striking personality. None of these wholly explain the career of Henry George. He was of small stature, trim and compact figure, with a refined and intelligent face, but deficient in emotional expression,*—an agreeable, but not particularly prepossessing presence. His expression became ennobled by thought and struggle in his later years. In his normal relations with men he was reserved and dignified, but seldom rose above the mediocre in manner or speech, and was wholly devoid of the spell of magnetism which strong personalities exert. He derived no advantages from rank or station. On the contrary, all the influences of wealth and power were arrayed against him. It is true that his teachings offered a ray of hope to the downtrodden and oppressed, but they are seldom able to reward with prominence or fame. By what spell then did this obscure printer, unaided by the learned, the wealthy or the great, attain such prominence in his time and acquire such hold upon the confidence of his fellowmen? Partly by the magic of his pen, for he wrote with rare and persuasive eloquence, but primarily by the sincerity of his motives and the range of his sympathies. The consecration of his life to the service of his fellowmen was complete. The vow made in the streets of New York, already quoted, was no idle boast. While not demonstrative in the presence of individual suffering and more concerned with abstract principles than with concrete cases, his heart responded to the cry of suffering and distress the world over. To him humanity was greater than individual or class, than creed or country. Man was always more than money. The beachcombers on the wharves of San Francisco, the outcasts in the slums of New York, the hopeless coolies of India and the starving fellahin of Egypt were alike the objects of his thought and care. Like Abou Ben Adhem, he loved his fellowmen, and the passion of his life was to serve and help them. Loyalty to that passion and sincerity in his

*It is not easy to understand just what this and the language following imply. As a platform speaker George was singularly magnetic.—EDITOR SINGLE TAX REVIEW.

efforts are the key to his life work. This is the quality which came to be recognized toward the close of his life, and which united the press of three continents in pæans of praise when he died. He was called a tribune of the people, an incorruptible leader, an evangelist, who taught and believed in the fatherhood of God and the brotherhood of man. His life will long be an inspiration to the young and an example for the mature. He was an outstanding figure in the history of his time.

He died on the 27th day of October, 1897, at the age of fifty-eight. His funeral was one of the most remarkable and impressive ever accorded to an American citizen outside of official station. Thousands of the poor and oppressed thronged the city hall, where his body lay in state, to pay their last tribute to his memory. At the funeral services, befitting a potentate, Dr. Heber Newton, his life-time friend, recited the ritual they had repeated together as boys; Lyman Abbot recounted his honesty and matchless courage; Mr. Crosby his civic virtues, and Dr. McGlynn the pulsing and universal sympathy that animated his life. As the body was borne to its final resting place, a countless throng of sympathizers, from all walks of life, wound its way past the Fort Hamilton home, his sole possession at the close of a life of labor and service. He sleeps in Greenwood Cemetery, under a simple stone, erected by admirers in all parts of the world, inscribed with words taken from his first book:

"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 never could have been obscured; but it will find friends, those who will toil for it, suffer for it, and if need be, die for it. This is the power of truth."

This also, may we not add, is too often the checkered fate of him who strives for its attainment.

GOLDEN MAXIMS.

By JAMES BELLANGEE

The man who has more respect for authority than logic is determined to be the same kind of a fool that others are.

One is sometimes tempted to think that those who believe in a hell are ambitious to add to its tortures.

He who justifies his action by citing like action of others discredits his ability to judge for himself.

Even among bad institutions those are most effective and successful that are constructive.

The rich are greatly concerned about the appetites of the poor.