

# THE PROPHET

Henry George's once-neglected land tax ideas are gaining new currency.

CITY PLANNERS, the really articulate ones, have a way of making even stale ideas sound as if they have been found floating inside of a crystal ball. But with a little sleuthing most of the planning ideas lose their freshly minted gloss and turn out to be common coin of the realm. If the "latest" ideas cannot be traced back to Babylon, Greece or Rome the chances are that they will at least go back as far as Ebenezer Howard or Baron Haussmann.

So when Perry Prentice came to Philadelphia two months ago to address a joint meeting of the Greater Philadelphia Chamber of Commerce and the local chapter of the American Institute of Architects he didn't try to pass off what he was saying as something new. Just something that had never really been tried.

Prentice is not exactly a city planner. He is a veteran of many years with the Luce publications, founder of *House & Home*, and publisher at one time of *Time* and *Architectural Forum*. Prentice was speaking to the local executives and architects about what might be done to improve American cities in general and Philadelphia in particular.

What he was saying was a distillation of the opinions of a high-powered panel of 33 urban experts. The symposium had been convoked last year by the American Institute of Archi-

tects, the National League of Cities, the Lincoln Foundation and Time Inc. Its members included several mayors as well as architects and planners—together a "Who's Who of Urban Development in America."

**Sky high.** Prentice had spent several days in Philadelphia doing his homework on the city's problems before making his speech. What he had to say about attracting development funds to cities was listened to attentively. Prentice expressed a belief that planners, and municipal officials, especially in Philadelphia, were putting too much trust in the acquisition of Federal money. The amounts needed for urban development, he stressed, were too astronomical to come entirely out of the wallet of Uncle Sam. "For the nation as a whole," he noted, "our round table was unanimous that within a generation the cost of rebuilding urbanized America twice as big and twice as good will be at least three trillion, five hundred billion dollars." Even the bankers in the room at the Sheraton blanched when he tossed out that figure.

What was needed, Prentice concluded, was some way of attracting massive private capital to do the job. There is nothing like the profit motive for getting the job done, but Prentice observed that the job of urban development was not drawing the private

funds that were necessary. The panel considered the question and decided: "Cities will find it a lot easier to interest private capital in urban betterment if they modify their system of property taxation to encourage new construction and better land use instead of, as now, penalizing improvements with overtaxation and subsidizing blight, slums, and sprawl by undertaxation."

Improvements were now overtaxed, insisted the panel. Private enterprise was, in effect, being penalized and discouraged from rebuilding.

Furthermore the current system subsidizes slums by taxing decrepit properties only half or a third as heavily as good housing. Quoting from the panel's report, Prentice said, "If you want to speed up the replacement of obsolete buildings such as now preempt so much of the downtown land in every city, it is foolish to keep them standing and profitable by taxing not only the aging buildings but also the land under them, less and less as the buildings get older and more and more run-down."

A study of downtown Milwaukee, made by the Urban Land Institute, concluded that all of the run-down buildings there could be replaced by private enterprise—profitably—if the property tax were taken off the buildings and put on the valuable land they cover. This way the tax burden on

the replacement would not be many times heavier than the tax burden on the relic. Tax the land and not the building was the thrust of the reasoning of Prentice and the panel of urban experts.

**Stone's throw.** A simple idea with a built-in logic. And where did such an elusively rational idea come from? From a covey of economists at Harvard? From a neo-Keynesian down at Oxford? Only the most astute members of Prentice's audience recognized the font of the proposal for land taxation. The birthplace of the economist behind the idea was just seven blocks east and six blocks south from the room where Prentice was speaking. "Now if all this advice from my urban experts sounds like Henry George and his tax reform ideas," noted Prentice with the air of a man who has just opened the family closet and found a treasure chest instead of a skeleton, "all I can say is make the most of it and begin to take a proper pride in the fact that Henry George was born in Philadelphia at 413 South 10th Street. The Bible says a prophet is not without honor save in his own city, so perhaps I should reassure you that it is no longer fashionable for economists to make light of Henry George. Quite the contrary. The chairman of President Johnson's Council of Economic Advisers told me he had always thought Henry George was right about property taxation, and the chairman of President Eisenhower's Council of Economic Advisers told me almost exactly the same thing in almost the same words."

Prentice is not a Philadelphian. If he were he probably would not have spoken so firmly and highly of Henry George. In the city of his birth Henry George is almost unknown and un-honored. There is no bridge or street named after him, no park or public school. There is no statue or monument.

The house of Henry George's birth, still standing on 10th Street, is the economist's only memorial in Philadelphia. It is a most ordinary building, a narrow brick row home, just below antique shop-encrusted Pine Street. A potbellied bay window, a later addition, juts over the 10th Street sidewalk. A plaque by the wooden door notes that the building is the birthplace of Henry George. Another notes that the building is also the home of the Henry George School of Social Science. Even these things bear the mark of outside influences. The headquarters of the Henry George School of Social Science is in New York. The birthplace was

first purchased by George followers in Pittsburgh and was later acquired by the School.

**Sea moss.** The front room of the building is the office of the school. It is here that the director of the school in Philadelphia, George Collins, can generally be found at a battered wooden desk. Another downstairs room doubles as a classroom (table, chairs, blackboard), library, and museum of sorts. There are pictures of George's antecedents and children on the walls. There is a case of memorabilia—a Bible used by George when attending an Episcopal Sunday School in Philadelphia, the shawl taken by his wife when they eloped, a bit of sea moss brought back from Australia, various honorary railroad passes.

Upstairs a bedroom has been restored in the style of the time at which George was born, 1839. The bed in which he was born is the only authentic family piece. It is a gift from George's granddaughter, choreographer Agnes DeMille. (Movie producer Cecil B. DeMille was her uncle, although not related to George; he was one of the donors who helped the school acquire the building.)

The building is opened to visitors in the afternoon from Monday to Friday. When there are visitors they are more likely to be from New Zealand or Denmark or some other country where his ideas are better known than they are in Philadelphia.

Although George did not formulate his ideas on the Single Tax or write the famous *Progress and Poverty* until after he left Philadelphia, his thirst for knowledge and extraordinary bent of mind showed themselves at an early age. Henry George was the third generation of the family in Philadelphia. His grandfather, Richard George, was a shipmaster when Philadelphia, not New York, was the merchant center of the new Republic.

George's father, Richard Samuel Henry George, was a landlubber. He worked in the Philadelphia Customs House and for a time was a partner in a publishing house that supplied Protestant Episcopal Church and Sunday School Books.

**Churchy boy.** Henry George was born September 2nd, 1839, the first son and second child of a brood of ten, (A September natal month and the fact that he was an author at least rated George a hidden display at the Free Library last month.) What with the churchy nature of his father's business, Henry George was a habitué of St. Paul's Episcopal Church. While the book business prospered young Henry

was sent to a private school and at ten matriculated at Episcopal Academy. After a short stay he transferred to the High school.

Henry George's schooling stopped before he had reached his fourteenth birthday. He worked first at a china and glass importing house on Front Street and later performed clerical work in the office of a marine adjuster.

Although he had left school, George was a voracious reader. The house was stocked with religious books thanks to his father's trade. A broader diet was obtained by frequent visits to the Quaker Apprentice's Library and the Franklin Institute Library. He also attended lectures on the physical sciences at the Franklin Institute.

The wanderlust of his seafaring grandfather overcame him and, with his parents consent, he spent two years before the mast on a voyage to Australia. When George returned to Philadelphia he went to work as an apprentice typesetter. He quarreled with the foreman and lost his job. He had trouble finding permanent work and, at the age of 18, again tried his fortunes at sea.

From then on Philadelphia played a small part in George's life. He came ashore in California and lived there for years as a printer and then an editor. Eventually George turned to writing about the problems that were plaguing America. He was greatly disturbed by the side-by-side growth of both wealth and poverty. It was in 1879 that George's most famous book, the one that secured his reputation, *Progress and Poverty*, was published—first in a limited edition by George and then by a New York publisher. The reviews were good and the sales of the book took off. In a short time it was circulated around the world.

**Second place.** George later lived in New York and very narrowly missed being elected mayor in 1886. He lost to a coalition candidate by only 22,000 votes—not counting the George ballots that ended up floating down the East River. (Teddy Roosevelt finished third in the election.) George's disciples again persuaded him to run in 1897. Despite poor health he acceded to their request. He died right before the election—which he was given a good chance of winning, barring a massive fraud. His funeral cortege was the object of a mass grieving that had not been witnessed in New York since the bier of Abraham Lincoln had passed through the city.

The quintessence of George's thought that vaulted him to celebrity

is the same one that is seriously being re-examined today. This is the Single Tax on land. The idea is based on the proposition that all men have an equal right to the use of the earth. Private ownership of land, George reasoned, has no more foundation in morality or reason than private ownership of air or sunlight. He saw that it was not feasible to divide the land into equal shares. He believed instead that it should be divided for private use in parcels to those who will pay the highest price for using the land. The price that these people pay would, in fact, be a tax. This would be the only form of taxation. There would be no taxes on buildings placed on the land, nor on food grown on the land, nor on goods produced in factories on the land. Nothing made by man would be taxed.

The form in which the idea is being revived today is basically that presented by Perry Prentice in his Philadelphia speech. If land and not buildings is the basis for taxes, it will behoove the owner of the land to make as intensive use of it as possible. A third-rate office building, for example, could not use a low assessment as its *raison d'être*. The land tax would be the same as if a spanking new office building, producing a much higher income, were placed on the site.

**Undertaxed land.** This is far from the current situation here. "There is hardly a Philadelphia development problem today," said Prentice, "that is not aggravated by today's practice of undertaxing land and overtaxing improvements.

"Last year," he continued, "your Redevelopment Authority had to raise the cost estimate in its capital budget more than \$100 million, because, as it euphemistically explained, 'Redevelopment has been so successful in Philadelphia that the authority is having to pay higher prices for land.' Less cheerfully the regional renewal director said: 'Our program is being limited by rising land prices,' and at the planning agency they were much less euphemistic and called the prices you now have to pay for land for redevelopment 'a scandal.' Some of the land resold for redevelopment at \$20,000 an acre is costing the redevelopment agency as much as \$310,000 to buy, and the sad truth is that most of the slum clearance subsidy millions you have gotten from Washington have been wasted to pay landowners more for their property than they could possibly have gotten if no subsidy money were available to pay them three or four times as much as they would have been glad to take if they had been

under tax pressure to sell."

If Philadelphia has perhaps been too slow to benefit from a reevaluation of taxing policies, other nearby cities have not. "It is most encouraging that people who have responsibility are bringing George's ideas into the realm of application," says soft-spoken George Collins of the Henry George School. "These people may not even associate the ideas with Henry George." Collins mentions that Lancaster is considering differential taxation in which the land would be taxed more heavily than buildings. In Wilmington, he adds, a \$30,000 study concluded that a land value tax was the best source of raising revenue for the city.

**Long haul.** The wait has been a long one for the followers of Henry George. After George's death the political party which he led diminished. The growth of the Henry George School of Social Science was largely the work of a New York businessman, Oscar Geiger, in the 1930s. Geiger recognized that George's complex ideas were not likely to flourish in the heated political arena. He felt they were better suited to an intellectual environment.

Geiger started his school in New York in 1932. A Philadelphia branch was organized in 1935. It was not until 1957 that the school was housed in George's birthplace. Today, says Collins, the tuition-fee Philadelphia school averages 50 pupils a year, some of them economics students. The basic ten-week course uses *Progress and Poverty* as a textbook.

Fifty is not a large number of people for a city the size of Philadelphia. Those who do delve into the thought of George, however, often become zealous converts. (Collins himself had never heard of George before he spotted an ad for a lecture in a New York newspaper in 1961.) Despite this lack of enthusiasm in his native city George's ideas survive. Correspondence courses are given in several languages. And as Prentice eloquently demonstrated, the tide is changing. Perhaps the times were not right for the application of George's ideas in his lifetime. With economists now taking George's theories more seriously, perhaps there will be a general drift toward his remedy in some modified form. And perhaps, one day in the future, Philadelphians will not have to be prompted by an out-of-towner to remember that this city was the birthplace of Henry George.

—CHARLES MACNAMARA