

Henry George's Challenge to the Economics Profession

Author(s): Warren J. Samuels

Source: *The American Journal of Economics and Sociology*, Vol. 42, No. 1 (Jan., 1983), pp. 63-66

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

Stable URL: <https://www.jstor.org/stable/3486321>

Accessed: 14-02-2022 14:32 UTC

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



JSTOR

American Journal of Economics and Sociology, Inc. is collaborating with JSTOR to digitize, preserve and extend access to *The American Journal of Economics and Sociology*

Henry George's Challenge to the Economics Profession

By WARREN J. SAMUELS*

ABSTRACT. A session of the *American Economic Association* and the *History of Economics Society* commemorating the centennial of the publication of *Progress and Poverty*, while correctly assessing some of *Henry George's* writing as hyperbole, raised two important issues: George's legitimacy as an economist and his analysis's significance for *economics*. Our generation sins on the side of illogic too, but George's status has been questioned not only out of snob-bishness but because he was perceived as unsafe; he raised "dangerous" fundamental issues. He questioned the terms of access to and use of *land* as channeled by *real property* and other *rights* and he asked whether the institution of *landed property* was anachronistically suited to the enjoyment and *wealth* of some as contrasted to all people.

I

TWO IMPORTANT ISSUES in the study of the ideas of Henry George and their reception by his and later generations have been raised in the investigations of Aaron Fuller, Gene Wunderlich and Terence Dwyer¹: the legitimacy of George as an economist and the significance of his analysis for economics.

Let me begin with Fuller's correct assessment of some or much of George's writing as *hyperbole*. If we mean by *hyperbole* that an argument is overstated, that excessive claims are made, then surely George's characterization of the moral and social regeneration to be expected from the single tax qualifies:

The sterile waste would clothe itself with verdure, and the barren places where life seemed banned would ere long be dappled with the shade of trees and musical with the song of birds. Talents now hidden, virtues unsuspected, would come forth to make human life richer, fuller, happier, nobler They need but the opportunity to bring them forth.

Consider the possibilities of a state of society that gave that opportunity to all. Let imagination fill out the picture; its colors grow too bright for words to paint. Consider the moral elevation, the intellectual activity, the social life.²

But lest we denigrate George unduly, let us consider the hyperbole embed-

*[Warren J. Samuels, Ph.D., is professor of economics, Michigan State University, East Lansing, Mich. 48824.] A paper based on a comment presented at a joint session held to commemorate the centenary of the publication of Henry George's classic, *Progress and Poverty*, by the American Economic Association and the History of Economics Society in Atlanta, Georgia, December 30, 1979, concluding the association's three-day annual meeting. The session was arranged and chaired by Dr. Mason Gaffney, professor and chair of the department of economics, University of California, Riverside.

American Journal of Economics and Sociology, Vol. 42, No. 1 (January, 1983).
002-9246/83/010063-04\$00.75/0

©1983 American Journal of Economics and Sociology, Inc.

ded in conventional practices in economics. First, limiting assumptions are used, and conclusions are drawn and then extended beyond the reach permitted by the assumptions. Second, partial equilibrium solutions are used as proxies for general equilibrium solutions. Third, as with Say's Law and the Coase Theorem, there is casuistic manipulation of assumptions to maintain the ostensible integrity and viability of certain desired conclusions.

George's immodesties are obvious; those found in more orthodox economic analysis are more subtle and recondite, but no less present and significant. Hyperbole lies without deceiving, Macaulay said, but our kind deceives even ourselves.

II

WHY HAS GEORGE'S LEGITIMACY as an economist been an issue? He clearly had mastered economics as it stood in the 1870's, that is, principally, classical economics. The original definition of an economist—"one who is conversant with, or a student of, economics [the science]"³—is more inclusive, but the more recent use of the term—"one versed in the science of economics"⁴—includes George, even if it should, regrettably, exclude one or two of his critics. George actually was quite conservative; he largely accepted classical economics, and his theory of economic policy gave effect to the values of an industrial capitalist system.

But in our time there is another sense in which the term 'economist' is used: to designate the members of a profession which, by its research, adds to the body of economic science; or, by applying the science, develops advice for decision-making on economic problems for government and business executives and legislators as well as private individuals; or, by teaching in academic settings, trains the next generation of men and women to qualify for the designation under one or another of its rubrics. The question of George's qualification for the designation arises because he ran up against the arrogance, hubris, and entry barriers of a newly professionalizing discipline.

But it is not only professional snobbishness that must be called to account. George also was perceived as unsafe. Although he believed that his policies would extend and strengthen individualism and the system of nonlanded property, others, sensitive to any challenge to established property rights and to policies seemingly socialistic (George thought his policies would prevent socialism), considered his proposals anathema. Many believed he opened the door to even worse change, although the threat to landed fortunes was serious enough in some eyes. George, accordingly, was and has been suspect as an economist because he was a professional outsider (as the profession came to

define itself) and because he raised issues which many believed it dangerous to associate with economics.

Even so heterodox an economist as Simon Nelson Patten would restructure economic theory to render it immune from dangerous conclusions such as those offered by George:

. . . economic doctrine must be recast so that it would rest wholly on present data. It will not accept socialism; and to free itself from the snares into which it has fallen through the careless statements of its creators, it must isolate itself more fully from history, sociology and other disciplines that give undue weight to past experience.⁵

The central theme of Georgian positive economics is clear and significant: the structure of individual opportunity sets has been formed, to an important degree, through the evolution of landed property as an institution, and the distributions of income and wealth (as well as other facets of economic performance) reflect, in part, the identification and assignment of real property rights.

George raised two fundamental policy issues: 1) he questioned the terms of access to and use of land as channeled by real property and other rights, and 2) he asked whether the institution of landed property then extant was anachronistically suited to the enjoyment and wealth of *some* as contrasted with *all* individuals.

Whatever one's normative views on these matters, the positive analysis and the policy questions are fundamental. Both were anathema to an establishmentarian perspective once any actual or potential conflict between landed and nonlanded interests had been resolved.

III

THE FAMOUS CONTROVERSY between George and Francis A. Walker over the interpretation of data from the census of 1890, recalled by Wunderlich,⁶ is significant in precisely this regard. Data on landholding and their interpretation were important to both the analysis and the critical questions of policy, for the data would help define reality and influence the probative value of alternative policy premises. The distribution of land ownership and the trends therein *are* important and certainly were deemed so by most parties to the controversy.

Wunderlich, therefore, is absolutely correct in identifying the importance for policy analysis of 1) specifications of universe and of unit of observation and 2) data construction per se with regard to all "facts" pertaining to land. Manipulation of such "technical" matters could and did influence people's definition of reality.

George challenged the value system associated with landed property as it then existed as a preeminent institution in American society. In doing so, he also challenged both the theory and data construction upon which important areas of economic analysis rested. To a very large extent, the discipline of economics has sidestepped George's questions.

It is ironical to note, as Dwyer does, that in pressing these challenges George anticipated some of the developments of modern economics. We honor some of his contemporaries with the mantle of the profession for less. Perhaps it is fitting, now that a century has passed, that we answer George's questions in our fashion.

Notes

1. Aaron B. Fuller, III, "Selected Elements of Henry George's Legitimacy as an Economist," *American Journal of Economics and Sociology*, Vol. 42, No. 1 (January, 1983), pp. 45ff; Gene Wunderlich, "The U.S.A.'s Land Data Legacy from the 19th Century," *ibid.*, Vol. 41, No. 3 (July, 1982), pp. 269-80; and Terence M. Dwyer, "Henry George's Thought in Relation to Modern Economics," *ibid.*, Vol. 41, No. 4 (October, 1982), pp. 367-72.

2. Henry George, *Progress and Poverty* (New York: Robert Schalkenbach Foundation, 1979, centennial edition), p. 471. Fuller quotes the famous "simple yet sovereign remedy" claim dear to George's critics, which led Karl Marx and George's Marxist critics to condemn him as a panacea-monger. (*Ibid.*, pp. 405-06). Sir Eric Roll dubs this George's "idée fixe" (*A History of Economic Thought*, New York: Prentice Hall, 1942, p. 466).

3. W. A. Neilson, ed., *Webster's New International Dictionary of the English Language* (Springfield, Mass.: G. & C. Merriam Co., 1940, 2d ed.), p. 814.

4. Clarence L. Barnhart, ed., *The American College Dictionary* (New York; Random House, c. 1948), p. 381.

5. Simon Nelson Patten, "The Conflict Theory of Distribution," *Yale Review*, August, 1908, reprinted in *Essays in Economic Theory*, Rexford G. Tugwell, ed. (New York: Alfred A. Knopf, 1924); quoted in Robert W. Andelson, ed., *Critics of Henry George* (Rutherford, N.J.: Fairleigh Dickinson Univ. Press, 1979), p. 270.

6. Wunderlich, *op. cit.*, p. 269.

The National Bounty We Share

CANADA'S ABUNDANT NATURAL RESOURCES continue to hold great potential for the future. Historically, the discovery and development of the natural riches of this harsh and inhospitable land have been among the stiffest challenges Canadians have had to surmount. We should never forget that the national bounty in which we all indirectly share would have remained in the ground and under the water if our pioneers had not risked their lives, limbs and money to release it from the hard grip of nature. [From the internationally read bi-monthly publication of the Royal Bank of Canada.]

THE ROYAL BANK LETTER