

The Critics Criticized

By JACOB SCHWARTZMAN

[This is the fifth of a series of articles by the same author, dealing with the objections of noted economists to the doctrines of Henry George, and the refutation of such objections.—Ed.]

IN a mildly-worded essay, Prof. Charles J. Bullock, in his "Introduction to the Study of Economics" (Silver, Burdett & Co.) denounces Henry George's proposals.

(Charles Jesse Bullock was born in Boston in 1869. He received his Doctorate from the University of Wisconsin, and has taught economics in Cornell, Williams College, and Harvard. He is now Professor Emeritus of the latter university. He is a Fellow of the American Academy of Arts and Sciences, and former President of the National Tax Association. He is the author of numerous books on finance and economics.)

Prof. Bullock's ten objections follow:

1—All social progress does not increase the demands made upon land.

(a) Improvements cause better lands to be more intensively cultivated, thereby contracting the margin, and throwing poorer grades of land out of use. Therefore, rent is decreased.

(b) Rent is increased only in large cities.

2—The second fallacy is that of supposing, in any case, that the demand for land can increase indefinitely, and can throw most of the product into the hands of landlords. Beyond the point set by the standard of living, population—and hence this principal demand for land—will not increase. It can never increase beyond the point set by the claims of capital, and by the desire of laborers to maintain their standard of living. Nothing can be more incorrect than the theory that rents paid to landowners are a necessary cause of poverty, attending all social progress.

3—On financial grounds, which cannot be enlarged upon here, any single tax is highly objectionable, and is condemned by all authorities. (E.g., Bastable, Plehn, Ely, and Seligman.)

4—There is no such thing as "natural rights" of society to land. Landownership is justified because of social utility.

5—Economic rent cannot be called unearned, since, in one sense, it accrues mainly to people who incur the risks of investing in land, and cannot be secured without exercise of foresight. Investors should at least be guaranteed their losses on capital invested in improvements.

6—As a revenue measure, the single tax would often prove a disappointment. In England, the rents of agricultural lands have steadily fallen.

7—There are other unearned incomes besides those secured from some pieces of land. They should be taxed also.

8—As a simple matter of fact, all those persons who

have the good fortune to be favorably affected by each actual turn of social development are likely to receive unearned incomes. It is just to tax them all; but not to tax them away.

9—In the United States, any unearned increment is likely to be distributed quite widely, because landownership is widely extended. Too many people would suffer by the tax.

10—Confiscating the value of land without compensating present owners does not appeal as just to the conscience of the average American. The present owners have invested in land in good faith.

* * *

My answers follow:

(1)

(a) It is untrue that if better land were more intensively cultivated rents would therefore fall. The rents of the more productive lands would rise tremendously because of the increased demand for that type of land. Statistically, this is borne out by facts. Rents have risen sky-high on such super-productive sites.

(b) The concession is amazing. First it is claimed that intensive cultivation decreases rent, then it is asserted that "rent is increased *only* in large cities". Where is production intensified the greatest if not in large cities?

(2)

Bullock here claims that people's demands for land will never be much more extensive than they are to-day. He feels that our desires are limited. No greater fallacy could be uttered than this attempted destruction of the second Georgeist axiom. "Man does not live by bread alone." He may, and does, want cake, both of the physical and spiritual variety. Man's demands always increase, all things being equal. History proves this from time immemorial.

Secondly, the professor feels that capital can set the limits of men's desires. This is a cousin to the "wages-fund" doctrine, which looks upon capital as the source of wages. Men will not be bound by any current standard of living, or the amount of capital in a country. If that were so, we would still be living in caves; if that were so, labor would not produce any more capital than has ever been produced!

Thirdly, increase in population is not the only reason for increased demand for land. Satisfaction of primary desires leads to satisfaction of still higher ones, which in turn leads to a greater valuation of the land in use, the source of the increased production.

(3)

We cannot answer this objection here, since no reasoning is offered save an invocation to authority. We shall therefore examine it when we criticize Ely and Seligman jointly in the next article.

(4)

Even if the author challenges the "natural rights" theory

of ownership of land by the community, this still does not justify private ownership because of "social utility"—an ambiguous term, which may be used to justify slavery, robbery, prostitution, and practically everything else under the sun. If not because of a "natural right," then on ethical and moral grounds (which Bullock does not attempt to eschew) all men in common must own the earth. Private property in land results in nothing but inequality, injustice, poverty and bloodshed.

(5)

I have already refuted this objection in the third article of this series. Nevertheless, I shall repeat that since the investors had no right to the ownership of land they have no right to any proceeds in connection therewith; and the community is not concerned with the speculative enterprises and "losses" of the "owners" of the universe.

Bullock is evidently confused when he speaks of guaranteeing "losses on capital invested in improvements." In a Georgeist society the community will not take over the improvements, but only the land.

(6)

Even if the single tax would be financially inadequate, it would still replace certain havoc-producing taxes of today. It would result in what is really the prime benefit of the proposal: the sweeping away of all restrictions to the use of land, the "ownership" of which is a bar to production. The taxation of land is not merely a fiscal measure; it is a thoroughgoing social proposal. Nevertheless, it is not reasonable to aver that the single tax would be a fiscal failure. As the community grows, so grow its needs, so grows the demand for land, and so grows the rent, which would result in greater revenue under the Georgeist plan.

Why English agricultural land is singled out is indeed puzzling. Naturally some rents will fall, and some will rise. But a rise usually occurs in the great cities, where the pampered parasites of society drain the life-blood of the laborers and the capitalists alike.

(7)

This objection has been frequently answered. We feel that all other monopolies will tend to disappear when the land monopoly is destroyed, since they all directly or indirectly spring from land monopoly. However, it is no argument against the taxation of land values to say that there are *other* monopolies. It is an admission of the evil in the mother of all monopoly. As a matter of fact, the Georgeist philosophy means much more than the taxation of land. It is a sweeping condemnation of all that is unjust in society.

(8)

Here the author, in his attempt to avoid "land socialism," falls, astonishingly enough, into the trap of complete socialism! All favorable developments should be taxed he says

(albeit not taxed away, he hastily adds), which means that all profits would be discouraged, and personal, as well as real, property taxed. Needless to say, Georgeists do not believe in taxing the fruits of human labor.

(9)

The fact that there are more landlords in the United States than elsewhere in the world should cause about as much jubilation as would the statement that there are more kidnapers in this country than anywhere else in the world, and that therefore we should not punish the kidnapers, because more of them would suffer. If landlordism is an evil, the multiplicity of its members can hardly be a reason for permitting it to live.

(10)

That which cannot be originally owned cannot be owned after a series of transactions. The passiveness of the people to robbery of any kind, especially when in their ignorance and weakness they have been unable to combat it, cannot be construed as a waiver of their rights, either in law or in equity.

Our Australian Letter

From A. G. HUIE

[We welcome Mr. A. G. Huie as our new Special Correspondent for Australia. Since the death of Percy R. Meggy, of Sydney, in 1935, LAND AND FREEDOM has up to now been without an Australian Correspondent. Mr. Huie is Secretary of the Henry George League of New South Wales and Editor of their organ, *The Standard*. Readers will recall previous articles by him in LAND AND FREEDOM. One of the earliest and foremost leaders in the Georgeist cause in Australia, Mr. Huie is well qualified to keep us informed on the current economic scene in that country. We look forward to further Australian letters from Mr. Huie, of which we present the first herewith.—Ed.]

THE AUSTRALIAN ELECTORAL SYSTEM

OUR system of electing members to the House of Representatives and the Senate is defective. Like yours in the United States it fails to provide for freedom at the ballot box and for effective representation in the legislature.

For the House of Representatives it is preferential voting, that is, the elector numbers the candidates in the order of his choice. If the leading candidate fails to secure an absolute majority of the votes recorded, the ballot papers of the lowest candidate are taken and allotted among the others on the second preference. If necessary, this process is continued until only two candidates remain and the man with a majority is declared elected. Of course it is right that where one man has to be elected he should have the support of a majority of the electors.

At the same time a group of adjoining electorates may return members of the same party although there is a very substantial body of public opinion unrepresented. For example, South Australia sends six members to the House of