

The Critics Criticized

By JACOB SCHWARTZMAN

"SO I object—" said Ko-Ko, in the famous operetta by Gilbert and Sullivan, "The Mikado." And to emphasize his point, he repeated this twice more.

Looking through the ponderous tomes which have been written by serious-minded "economists"—men who ostensibly are social scientists—I have been struck by the great quantity of nonsense which has passed under the guise of political economy. Especially ridiculous are the objections leveled against Henry George and his "single tax" proposal. A number of the critics, shouting denunciations, seem to think they prove their point, like Ko-Ko, in merely repeating their cavils.

It is my purpose here to criticize the various critics of Henry George, and to answer their objections. But since their name is legion, and a number of them parrot what the standard "authorities" have already professed, I shall pick out only the best-known of these and, after classifying their objections, proceed to refute them. My refutations will be presented in a series of articles, of which this is the first. After individual economists have been answered, I will then summarize the objections which appear most often, arrange them in as few groups as practicable, and answer them collectively.

F. W. Taussig

(Frank William Taussig was born in 1859. He died this year (1940). Among the high positions held by this famous American economist were those of editor-in-chief of the *Quarterly Journal of Economics* and Chairman of the U. S. Tariff Commission (1917-19). He was a professor of Economics at Harvard from 1882 to 1935, and the author of many books on economics—Ed.)

I follow no set order in presenting these authorities. I shall do that only when summarizing at the end of the series. I begin with the first prosecutor, F. W. Taussig (recently deceased). He states his objections to the single tax in his "Principles of Economics," Volume II (third edition, Macmillan, 1936), on pp. 80-82. This noted economist criticizes George's remedy by interposing the following so-called obstacles:

1—There is the difficulty of measuring the investment made in the soil, and the normal return on it. In other words, rent is inextricably intermixed with the complex process of tilling the soil, and of maintaining its fertility. If rent is to be carved out of the final produce, how can you be sure that it doesn't cut into the amount due to labor for its work?

2—The single tax will have the tendency to discourage the tenant to cultivate the soil, for the more he produces,

the more will the government take from him in the tax; while, at present, the owner of the soil receives the best stimulus to the best use of the land from the knowledge — that all he tills will go to him.

3—It is admitted that if the nation at its birth had started owning land, it might be all right. But once private ownership arises, as it has arisen all over the world with the birth of each country, it would be socialistic to change such private ownership, especially since it has acted as a spur for the advance of agricultural arts.

4—The author does not object, however, to the collection by society of all the rent that will arise hereafter. In fact, he feels it might be all right, except that it would call for high intelligence and scrupulous honesty among public officials. A dull or corrupt administration would work great harm, and would probably lead to the abandonment of the whole program.

And so, while the writer admits a certain injustice in permitting private ownership of land, he feels a greater injustice would be worked upon the people if land were owned socially, and therefore picks, as it seems to him, the lesser of the two evils.

Looking upon the four obstacles as a whole, I would say that there is really only one objection presented, the rest being but detailed subdivisions. However, we shall accept Taussig's classifications, and attempt to attack each of them.

(1)

Beginning with the first, we might observe that this objection is the one most commonly used by the standard economists, and one which Henry George himself foresaw. We shall therefore allow him to answer it:

" . . . For admitting that it is impossible invariably to separate the value of land from the value of improvements, is this necessity of continuing to tax *some* improvements any reason why we should continue to tax *all* improvements? If it discourage production to tax values which labor and capital have intimately combined with that of land, how much greater discouragement is involved in taxing not only these, but all the clearly distinguishable values which labor and capital create?"

"But, as a matter of fact, the value of land can always be readily distinguished from the value of improvements. In countries like the United States there is much valuable land that has never been improved; and in many of the States the value of the land and the value of improvements are habitually estimated separately by the assessors, though afterward reunited under the term real estate. Nor where

ground has been occupied from immemorial times, is there any difficulty in getting at the value of the bare land, for frequently the land is owned by one person and the buildings by another, and when a fire occurs and improvements are destroyed, a clear and definite value remains in the land. In the oldest country in the world no difficulty whatever can attend the separation, if all that be attempted is to separate the value of the clearly distinguishable improvements, made within a moderate period, from the value of the land, should they be destroyed." ("Progress and Poverty", Fiftieth Anniversary Edition, pp. 425-6.)

George goes on to explain that this is all that justice requires. Absolute accuracy would be impossible. Each generation builds for itself, and is not concerned whether the improvements of today will pass into the value of the land tomorrow. Each new generation inherits the work of the previous generations.

I might add, in further refutation, that if there are two practically identical parcels of land side by side in a community, and one is developed, while the other is not, both would have to pay an identical rent to the government, under the single tax plan, such rent being based upon the extent of the demand for land, and not upon the improvements on it. Whatever is produced by labor (on marginal land) would not be taxed.

(2)

The second objection could be taken to mean two different things, and we shall therefore reply to both of them. If Taussig means that the reason the people will discontinue cultivating the soil is because it is hard to distinguish between the value of the land and the value of their own production, and that they might therefore be taxed on what they produced, then I will reply by pointing out that this is really the first objection, and that we have already answered it. If he means that they will be discouraged from production because of the uncertainty of tenure, then I will reply: (a) that in a rent-collecting state, tenure will never be disturbed, so long as rent is paid; and (b) that even today, lease tenants, and in many cases, tenants without leases, have worked improvements upon the land. Far from being discouraged from cultivating land under the single tax, the tenant will be encouraged to improve the land, knowing of a certainty that the result of his increased efforts will truly belong to him, whereas under the system which now prevails he as certainly knows that "all he tills will go to him" (Taussig), *after the various tax-gatherers have taken their shares*.

Also, in the second objection, I wish to take issue with the assertion that the owner of the soil receives a stimulus to put the land to the best use. On the contrary, it has been our sad experience to observe that the *owner* often keeps his land untilled and uncultivated, because of the

speculative gains he anticipates without the necessity of any toil on his part. Under common ownership of land, he will be forced to use the land, or forego it from the consequent inability to pay rent. It should be emphasized that Taussig refers throughout to agricultural land only. Our remedy would apply to all land, rural and urban alike.

(3)

The third objection is plain nonsense. The author's opinion that public ownership of the land at the beginning of a nation's life might be well and good, but should not now be practiced, is ridiculous. Why, if it would be all right at the beginning, should it not be all right now? Does the economist mean to imply that a mere status quo should be relied upon to "justify" a wrong?

Taussig also justifies private ownership of land on historic grounds. If it arose all over the world, for him it must be valid. In making an estimate of this kind, he is guilty of serious acts of omission. History also shows that there have been wars without end, depressions, misery, poverty, religious strife, plagues, epidemics, and ruthless persecutions. Must these also be accepted because history discloses they have existed since time immemorial? As a matter of fact, at the beginning of each country, common ownership of land is least needed, since there is still enough free land to limit the advantages which accrue from the appropriation of superior land. I am not now justifying that private land-ownership in new countries is harmless, but merely exposing the illogic of Taussig's assertion.

By calling the proposed change "socialism," Taussig evidently supposes that he has forever silenced the believers of Henry George. Name-calling means nothing. The *function* of the definition is the important thing. Nor is it now necessary to dispute in detail the contention that Georgeism is socialism. I will take that up in a subsequent article. Suffice to say for the moment that it is not.

(4)

The fourth objection is farcical. Here Taussig is in favor of the idea of permitting the state to collect future rents. Therefore, he believes (summarizing the third and the fourth objections) that "single tax" is good when applied to ancient times; and is also good when applied to any future increment. But if it is good for both extremes, why should it not be good throughout and for all time, and for all rents? Why, if private ownership is wrong, must we appropriate only future unearned increments? That would leave the basic wrong unremedied, and allow to remain the injustice which is admitted.

Besides—and here he squarely contradicts himself—if it is so difficult to determine what portion of tilled land is personal property, how would it be possible to determine what part of future "rent" might or might not include

personal property, in addition to the increment in the value of land itself?

Our noted economist seems to believe that the single tax is good in the respect embraced in his last two paragraphs, but feels that it would be difficult to attain honesty and intelligence from public officials, and therefore, the plan would fail. However, if that were so, we could use the same argument in advising against the use of electricity, because a great injustice is being inflicted by the people selling it to us. If that were so, we should refuse to take any more cancer treatments because the specialist we employed was inefficient. And yet, ridiculous as these examples must appear, they are equally applicable to the notion that even though a theory might be correct, it would fail because those who administered it *might be* dishonest.

In truth, under a system where wealth would tend to be equalized, the reasons for dishonesty, and even lack of intelligence, in public officials would tend to disappear. And if the officials did prove to be incapable, in a community where every one understood his civic relations this would merely result in a change of administrators. And a just plan, as advocated by George, where all will have a stake in the government, must presuppose the development of such an intelligent and wide-awake community.

I trust I have dispatched the contentions of Taussig. In future issues I shall examine other luminaries who share with him the spotlight of economic "knowledge."

The Land Question In Roumania and Hungary

ILLUMINATING as to the causes of misery and therefore of strife and war is the article on the leading article page of the *Glasgow Herald*, September 4. At the time of writing the author spoke of the extraordinary wave of feeling which was sweeping over Transylvania. It had its roots in something deeper than national patriotism. It is the land hunger of the peasant who, hardly more than a serf before the last war, was first granted land of his own and an independent existence under the Roumanian Government, and who sees this independence threatened by union with a country where semi-feudal conditions still exist.

For obvious reasons politicians on neither side have cared to dwell upon this problem. But Dr. Maniu, who started life himself as a landless peasant under the old Hungarian regime, understands it very well. His personal character and his well-known love for his native Province have gained him a powerful following, not only among the Roumanians of the north, but quite possibly among the younger Hungarian peasants who are loath to return, for purely sentimental reasons, to the state of landless dependence which will almost certainly be their lot under Hungarian rule.

Thanks to the Agrarian Reform brought in by Roumania after the last war, each Transylvanian peasant could own his own small croft, and was not obliged to work for a return in kind from his Hungarian overlord. It is safe to assume that this condition of affairs will not long remain once most of Transylvania is in Hungarian hands again. The Magyar-Transylvania noble families, which include those of Count Teleki, Count Bethlen, and other leaders of Hungarian Nationalism, have long felt exceedingly bitter at Roumanian partition of their once-great estates among the peasants after the last war.

For 20 years now those families have looked across the frontier and seen their relatives in Hungary proper enjoying the privileges long superseded in the modern world. Now, however, the new frontiers will enclose them safely in Greater Hungary, and it will probably be only a question of time before the antique Hungarian system of land tenure will once more restore their estates to them in full—at the expense of Roumanian and Hungarian peasant alike.

The land problem, too, was at the root of Hungary's indignant refusal of Roumania's first offer of an exchange of populations. Probably the fulfilment of this offer was dreaded by the Transylvanians themselves as much as any frontier changes, however drastic. The mere transference of the Magyar minority across the border would have taken no account of the estates and small holdings left behind them, land which in the aggregate came to a handsome proportion of Hungarian-Transylvania nobles' old property. The peasants themselves could have been under no delusion that Hungary would treat them any better than she has treated her own landless population; while their influx into the already over-populated rural villages, where it is sometimes a problem to devise labor for all, would merely have brought hardship to the districts concerned, as well as dire poverty to the transplanted. Exchange of populations only works where there is nothing to lose. (*Land & Liberty*)

FROM J. Rupert Mason we have just received the following: "Oklahoma voted November 5th on a graduated land tax law, and the vote was 408,559 yes to 196,711 no. But, because this got on the ballot as an initiative measure, it needed a majority of *all* votes cast that day, which it missed by just a few hundred. Tom Cheek led the fight as president of the Oklahoma Farmers' Union. I am told that nearly all the Oklahoma papers viciously opposed it, so the vote result is all the more significant. This may be a tonic for some Georgeists who are suffering from a what's-the-use complex. I am told that a similar measure was voted the same day in North and South Dakota, but haven't the vote totals."

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