Neo-Georgism' Emerges from Survey of his Critics

Stanley Sinclair

CRITICS OF HENRY GEORGE, A Centenary Appraisal of Their Strictures on *Progress and Poverty*. *edited by Robert V. Andelson. 424 pages. Fairleigh Dickinson University Press. $18.*

Beginning with Tolstoy's oft-quoted, "People do not argue with the teaching of George, they simply do not know it," Robert Andelson has put together 25 essays in which 15 writers run to ground the significant critiques of Henry George and concluded with a synthesis of concepts and goals he calls "Neo-Georgism."

The compilation begins with an even-handed recitation by Louis Wasserman (professor emeritus of philosophy and government, San Francisco State University) of "The Essential Henry George." Wasserman explains the basic logic of shifting tax incidence to site value as argued in Progress and Poverty, but his distillation goes too far. The full title of what Andelson in his introductions calls George's chief d'oeuvre includes "...an inquiry into the cause of industrial depression..." Presumably the essence of George should have included his observations on the role of land speculation in cycle activity.

Fortunately, this subject is not entirely overlooked. Steven Cord (professor of history, Indiana University of Penna), discussing the objections raised by Francis Amasa Walker, writes:

> "Today's economists would stand with Walker in asserting that land speculation is not the main cause of depression; rather the main cause is sudden mass pessimism about short run future of business, or from mistaken government action (e.g. the constriction of bank credit from 1929 to 1931 by the Federal Reserve Board to such an extent that the money supply fell by two thirds).
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> "But that land speculation can be *a* cause, there should be no doubt, either logically or empirically. Logically, because increasing speculation increasingly withdraws one of the vital factors (land) from the productive process and imposes an ever-heavier speculative rent burden upon labor and capital, the active factors in production. Empirically, because land speculation has, in fact, preceeded every depression in the United States."

This position is perhaps George's strongest. It alone among his assertions has empirical support. While other assets are always subject to speculative excesses prior to depressions in this and other developed countries, the record shows that land and mineral prices have almost invariably broken before the cyclical peak in business activity was reached, suggesting a more than coincidential relation between speculation in land and the debacles that followed.

To Cord's correct summary of conventional opinion, might be appended the questions: Why is there a "sudden mass pessimism about the short-run future"? Why did the Fed suddenly switch to a strangling tight money policy in 1928? Is it possible the conventional wisdom is concerned with only proximate causes and ignores the "great initiatory cause"?

In his essay dealing with "Gronlund and Other Marxists." Fred Harrison (a reporter for the London *Sunday People)* cites the overproduction/underconsumption tautology and suggests:

> "To judge by the vacillations of politicians today in industrial societies, the causes of economic depression are still not determined; this disagreement is reflected in ambivalent policy formation. It would therefore be useful to accord the problem an extended treatment, in the hope of clarifying live problems."

Unavoidably, works like Critics of Henry George reduce to a kind of verbal ping-pong: "He said" and "I said." Accepting the scholarship of the present contributors, the reader must assume they correctly interpret and accurately summarize the critics they are rebutting. Even so it is difficult to supress suspicion that the original critique may have been filtered through the present writer's prejudices.

Repeatedly this book makes it clear that proponents and opponents in the great debate often were not talking about the same thing. Language is always a problem. George, careful as he was, never defined "poverty" and neither did his critics. The confusion between "wages" and "wage rates" led many fault-finders to accuse George incorrectly of claiming that advancing rent would reduce everyone save landlords to pauperism.

Even in the book being reviewed, the word "monopoly" is used in so many senses that it is robbed of meaning. Similarly, "land" sometimes represents the classicist' concept of all-things-in-nature; sometimes is used in the ordinary sense of ground surface, and frequently stands for site or location. When a writer shifts from one of these meanings to another within a paragraph, confusion is unavoidable. Thus, land monopoly cannot be taken to mean "land" in the classical or common sense because this side of the Iron Curtain it is neither held by a single owner nor controlled collusively by its several owners. Only in the sense of site or location is land held in monopoly. Robert Herbert (associate professor of economics, Louisiana State University) elaborates on this point in his valuable discussion of the Marshall vs. George controversy.

Not all criticism can be shoved aside as a carping, the result of misunderstanding, or emotional commitment to another ideal. Murray Rothbard is reported as crediting the self-interest actions of landowners to direct and to influence change with socially beneficial results. His stance prompts C. Lowell Harriss (professor of economics, Columbia) to wonder: "How much of the rise in land prices reflects the positive results of landowners' efforts to find the best uses?" He guesses it is more than George would have conceded, but for less than has been accorded them. He confesses, "I see no way to measure the relative impact of the two conflicting forces." It is strange that free-market proponents as typified by Rothbard appear to have little faith in letting market forces, unaided by landlords or bureaucrats, determine the best use of a site.

Andelson has erected a fitting monument to a century of George. For those who would explore the ramifications of his work, this volume should provide a useful teaching tool. Its educational value is hardly surprising inasmuch as the contributors (save the lone journalist) teach or have taught at universities.

In conclusion (he insists it's not a summary) Andelson offers Neo-Georgism, writing in part:

> "The modern friend of George's thought who views the 'Prophet of San Francisco' as a profound and perceptive guide rather than as an infallible oracle, will find the majestic symmetry of his system vitiated somewhat by the qualifications and adjustments dictated by candid analysis in the light of changed circumstances and refinements in economic methodology. "Neo-Georgism" will be less satisfying than the original article from an aesthetic standpoint. But aesthetic satisfaction must yield to intellectual honesty, and the basic truth of George's central thrust remains, in any event, intact."

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