

# DIRECTORS' PERSPECTIVES (CONT.)

## EXECUTIVE ORDER (CONT.)

Fundamentally, this reveals a need for a better local and state revenue mechanism. One that will be more stable than income/sales taxes and the collection of which has less of a detrimental impact on revenues. The answer is, of course, a tax on the unimproved value of land. While land values will likely also drop in some places due to COVID, the drop will be far less dramatic than the immediate collapse of incomes and sales that accompanied the COVID-19 lockdowns. In the long run, the taxing of land cannot cause there to be less of it, and if the land tax drives down the purchase price, there may be winners and losers but the community, as a whole, is no worse off.

This is all the more salient in light of the second half of Trump's executive order – suspending or deferring payroll taxes. The president's statement declared that the deferral would provide “additional incentives for work and employment, right when the money is needed most.”

This shows an implicit understanding of Henry George's statement in *Justice the Object, Taxation the Means*: “We impose some taxes for the purpose of getting rid of things, for the purpose of having fewer of the things that we tax. ... Why should we tax any man for having exerted industry or energy in the production of wealth?”

If lifting a payroll tax is good for the economy now, why do we have the tax in the first place? If we admit that a payroll tax deferral will incentivize companies to hire workers, and individuals to take jobs, isn't that already an admission that payroll taxes, which at 1.24 trillion dollars make up nearly 6% of our GDP, are a disincentive to working and to employment? Why then do we collect them?

In the short run the answer is obvious – they fund programs that people generally approve of and are an important part of our social safety net. Medicare, Medicaid, and Social Security are wildly popular. Nancy Pelosi and Chuck Schumer declared that deferring payroll taxes will “endanger seniors' Social Security and Medicare”, and in the present system this is true. If payroll taxes are forgiven after being deferred (by no means a certainty), the result will be a further undercutting of the budget position of these programs.

In economics, as in life, there are trade-offs. Perhaps a drag on the economy is generally worth the greater stability for seniors – indeed, most people would agree that it is. Given that an executive order deferring payroll taxes undercuts that stability in exchange for uncertain benefits, Democrats likely have a point in opposing this particular action. **(Cont. Next Page)**

## FREE AND FAIR ELECTIONS, NOT SO FREE OR FAIR ELECTIONS THE LITTLE ROBBER AND THE GREAT ROBBER

BY: STEVEN SKLAR

“To turn a republican government into a despotism the basest and most brutal, it is not necessary formally to change its constitution or abandon popular elections. ...[F]orms are nothing when substance has gone, and the forms of popular government are those from which the substance of freedom may most easily go.”

The quote is from the 19th Century thinker and reformer Henry George in the chapter entitled “How Modern Civilization May Decline,” in his master work, *Progress and Poverty*. George's writing gets particularly dire in that chapter. Although the warning he issues there about civilizational decline -- collapse, really -- is aimed primarily, as are virtually all of his writings, at doing away with the institution of private land monopoly, it's clear that George opposed practices and policies that corrupt the election process.

In the U.S. we pride ourselves on being a democracy. That pride is a big part of our origin story. New Hampshire's pugnacious state motto, “Live Free or Die,” celebrates our rebellion from despotic foreign rule. We are proud of the rallying cry from the days of the American Revolution, “No taxation without representation.” And the key feature of representation and of the democratic form of government we are proud of having is the vote. Therefore, the elements of our voting system that undermine the fairness of our electoral process give troubling weight to George's dark warnings.

In an 1883 essay in the *North American Review*, “Money in Elections,” George criticized not only the then-current practices of candidates buying votes and employers directing their employees on how to vote, but also the expense of running for public office in general. George felt that the de facto requirement that candidates possess great wealth restricts the popular choice “to the rich or unscrupulous.” In that essay, on the grounds of savings of campaign expense and freedom from undue influence he was also an early advocate for the adoption of secret balloting in the U.S.

Challenges to electoral fairness in this country's history are not limited to the ones George mentions in his 1883 essay.

Other types of voter suppression have continued to be imposed on the voting public. It's true that poll taxes and literacy tests have been outlawed, albeit not until well into the 20th Century. There are still voter ID requirements for registration and for voting, there is still the purging of voter rolls and there are still limitations placed on early and absentee voting. These have disparate effects on different ethnic groups and so can be, and have been, weaponized for political advantage. **(Cont. Next Page)**

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But more broadly, if it were possible to stop inflicting this drag on the economy in general, it seems both sides would agree that would be desirable.

This is, to a great extent, possible. George's essay details some successful ways markets have adapted to taxes. If you tax floors of a building, you have fewer floors; if you tax windows, fewer windows, and ships, fewer ships. So, the simple question is – what don't we want? Most people following the scientific consensus would agree that we don't want carbon dioxide emissions or other air pollutants. All of this is quite reasonable to tax, and the revenue here could certainly be useful (and in some countries has been remarkably successful). But in the end, the goal of a carbon tax is less carbon, and the goal of a pollution tax is less pollution, and thus the rates will be set to accomplish these goals, not maximize revenue.

## ELECTIONS (CONT.)

These tactics suppress voting either outright, by disqualifying certain members of society from voting, or by making it more difficult for some voters to cast a ballot.

The redistricting practice that came to be known in 1812 as gerrymandering, too, is alive and well. Gerrymandering carves up the map into strange shapes, thereby making it possible for a minority of votes to defeat a majority of votes. The time-honored and more respectably named Electoral College system has a similar effect in Presidential elections, giving voters in states with relatively low population, person for person, more electoral clout than voters in more populous states.

What all of these practices have in common is that they can be used, and are used, to swing elections by violating the two central principles of free and fair elections: that all members of the voting public have equal access to the polls, and that a majority vote by the voting public wins the election.

Another thing these practices have in common is a predilection for pretext. An official justification given for such voting limitations as driver's license requirements or the curtailment of mail-in voting has been that they are needed to stop voter fraud, purported to be rampant. The fact that such measures may prevent voting among politically targeted groups – such as segments of the public who are unlikely to drive – tends not to make it into the official pronouncements. The reason for pretext is, I think, that the public at large sees it as sacrilege in a self-styled democracy to undermine the freedom and fairness of the vote. It's the same dynamic as that encountered with racism. Pretext and denial abound there, too, because the understanding that racism is a sin against humanity is widespread.

If taxes on those things we don't want are insufficient, then the next option is a tax on those things in which we will always have the same quantity. The most obvious category here is land. Georgism agrees that cutting a payroll tax would be an excellent way to 'incentivize labor and employment' – but unlike the temporary measures pushed by the current administration (and historically used by others), seeks to provide a viable alternative revenue source to maintain the programs currently funded by payroll taxes.

Because the value of land fluctuates less with economic ups and downs compared to sales and income taxes, there would be less need for 'emergency' transfers of funds or borrowing. This would, hopefully, obviate the need for executive orders and other non-legislative fiscal adjustments.

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These modern vote-restricting tactics are legal. They are, ignoring flimsy pretexts, in plain sight. And they work.

The Presidential elections of 2000 (Bush vs. Gore) and 2016 (Trump vs. Clinton) were won by candidates who lost the popular vote. It is not just the Electoral College system but other anti-vote tactics working with that system that helped hand the winners of those elections their victories. Such tactics are detailed in Dexter Filkins's article "The Uncounted" in the September 7, 2020, issue of *The New Yorker*. That article describes a panoply of jaw-dropping voter suppression techniques that have been deployed in Republican-led Florida, a crucial swing state.

It is true that, for Henry George, such anti-voting measures, like the corruption he knew to be inherent in trade protectionism, were examples of what he called "the little robber" at work, even while (as he put it) the "great robber takes all that is left" from the public. George's central insight, which lies at the core of all of his writing and thinking, is that it is the institution of private property in land that perpetuates unjust monopoly in the most crucial type of resource. George identified that as "the great robber" that causes poverty to persist and deepen even as societies get better and better able to produce wealth.

Accordingly, in *Progress and Poverty* George pointed out that, like the innovations that increase our ability to produce wealth directly, "such improvements in government, manners, and morals as indirectly increase it" have the effect of raising rent. "Considered as material forces, the effect of all these is to increase productive power, and, like improvements in the productive arts, their benefit is ultimately monopolized by the possessors of the land.... [I]f the corrupt governments of our great American cities were to be made models of purity and economy, the effect would simply be to increase the value of land, not to raise either wages or interest." Furthermore, where land is subject to private monopoly, George explained, all of these improvements cannot alleviate poverty and will in fact ultimately depress wages. Such is the damage he saw as being wrought by "the great robber."

Nevertheless, he saw value in taking down the little robber.

What he says in the "Practical Politics" chapter of *Protection or Free Trade* about monopolists' practice of plundering the public via trade protectionism applies equally to the election process reforms George favored: "The great robber is so well entrenched, and people have so long been used to his exactions, that it is hard to arouse them to assail him directly. But to help those engaged in a conflict with this little robber will be to open the easiest way to attack his master, and to arouse a spirit that must push on." In his 1883 essay, he put it

this way: "[A]ny reform that can be made in administration or political machinery is not only good in itself, but clears the way for more radical reforms."

George does not mince words on the threat to democracies, and to American democracy specifically, from the kind of governmental corruption that perverts the electoral system.

"In all the great American cities there is today as clearly defined a ruling class as in the most aristocratic countries of the world.... Who are these men? The wise, the good, the learned — men who have earned the confidence of their fellow-citizens by the purity of their lives, the splendor of their talents, their probity in public trusts, their deep study of the problems of government? No; they are gamblers, saloon keepers, pugilists, or worse, who have made a trade of controlling votes and of buying and selling offices and official acts.... It is through these men that the rich corporations and powerful pecuniary interests can pack the Senate and the bench with their creatures. It is these men who make school directors, supervisors, assessors, members of the legislature, congressmen.... A corrupt democratic government must finally corrupt the people, and when a people become corrupt there is no resurrection. The life is gone, only the carcass remains; and it is left but for the plowshares of fate to bury it out of sight."

If in the events of today -- the protests, the riots, the shootings and the political siege against science and fact and voting rights -- you hear echoes of George's dire warnings, as I do, consider also the optimism implicit in them.

In order for George to have advocated against the little robber of political corruption, let alone to have taken on the great robber of institutionalized land monopoly, he had to hope and believe that improvement in those areas was possible. Although he saw and understood the worst our democracy was capable of, the gist of *Progress and Poverty*, like that of all of his books, was not dire warning but a prescription for justice and prosperity and a call to bring them about

*"A vote is like a rifle;  
its usefulness depends upon  
the character of the  
user."*

*Theodore Roosevelt*