



THE two-rate tax is a flagrant betrayal of Henry George's vision of a liberated commonwealth. It is a niggling shift in the

percentage of taxes from improvements to land. It is an arrogation from a land-value taxation movement born before the father of the single tax.

Land-value taxation developed in the wake of the public's increasing awareness of the problems with outmoded forms of tax collection, which emerged parallel with the fiscal demands of states and municipalities during the 19th century. And even within that school the two-rate is the weakest and most ineffectual of proposals. The two-rate shift, later put forth by mainline Progressive reformers at the beginning of the 20th century who rejected the single-tax philosophy, was a by-product of a far greater impetus for change.

The two rate rejects George's minimal starting point: no taxation on improvements, the entire tax being on land values, gradual if necessary provided that the decrease of the taxes on labour progresses steadily with the increase of taxes on land and natural resources until the entire economic rent would be collected for the benefit of the community.

An article by Louis F. Post published in 1922, when the fortunes of the Georgist movement were in eclipse, confirms that George did not propose the two-rate. Post claims that since his time "experience has demonstrated the necessity for making the first step a shorter stride."¹

Nothing of this tepid reform, however, addresses the twin evils of land monopoly and speculation. Nor does it confiscate privilege through the appropriation of land values, nor does it even remotely approximate lifting the burden off production, distribution, and con-

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- Wenzler has written and edited a raft of books on the Georgist philosophy. His most recent work is an edition of George's *Our Land and Land Policy*, which was published in San Francisco in 1871 (Review: page 19).
- Wenzler is editor of a 3-volume study, *The Henry George Centennial Trilogy* (University of Rochester Press, 1997), which was followed last year by *Land-Value Taxation* (New York: M.E. Sharpe/London: Shephard-Walwyn).

sumption. Instead, it would perpetuate and reinforce private property in land and privilege. It does not even take into consideration such minimal problems as inequitable assessments and the need to graduate tax burdens according to differing classes of land.

THE TWO-RATE is merely a minor supplement to many other taxes. It shifts money from one pocket of the same landowner and homeowner to another. Other minor reforms would do more: clean up the assessment rolls or impose a vacant-lot tax.

The two-rate holds the distinction of being not only the most remote but the most alien micro-reform that has attached itself to

Speculation is one result of this fiscal delusion

Ken Wenzler's verdict



George's concept of justice. Poverty continues unabated amidst progress. One plaintive cry by J.B. Chamberlain, in a 1932 letter to Post's widow, sums up the matter.

Unfortunately I am not only old but very poor and I get no help from the Old Guard that has deteriorated from Henry George ideals to tax reformers. Why reform something that we seek to abolish?...It is unfortunate that so many people tried to say it better than Henry George did.²

And they still try while the power of land monopoly and speculation advances. So the propaganda of an insignificant coterie today has magnified the virtues of this vapid two-rate shift as a method espoused by George, which is flagrantly false. It is nothing more than an extension of confiscatory methods of taxation reduced to an impotent fiscal reform and paraded as the only road to his single tax, which its supporters relegate to a phantom

THE CORD between virtue and property: that is the ultimate point. Read George and you will not find a social critic enamoured of any accumulation of property, whether by stealing land value or by the milder form of working for it in an unethical manner. What you will find is a respect for work, including the most advanced demands of 19th century technology, as inherently admirable, and admirable for contributing willingly, in a co-operative spirit, to the human community.

George was willing to allow the whole of the return on work, the land value subtracted from it, to go to the worker. He did not ask whether what the market bestows is the measure of the virtue of the work. Had he questioned the market that closely, he would surely have acknowledged that neither markets nor governments can possibly correlate property to virtue: that to do so, in fact, is an insult to work. His effort was merely to free work and its return from the burden imposed by the theft of land value. The two-rate system would not even remove the least portion of that burden. As to a fixing of virtuous work to property, which would make property the means to work rather than the quantitative reward for it: such a question the present-day remnants of the Georgist movement will not and cannot begin to address.

"There is little doubt," George Geiger writes, "that Henry George's own country affords the most disappointment to his followers.... [and] there have been no tangible results in the United States proportionate in any way to the outlay of money and energy."³ Viewing the declension of the "Georgist movement" for the past century as a self-induced delusion will then be treating reality as it is – not as a victory on the road to the single tax. Landowners have nothing to fear, especially in Pennsylvania, where the two-rate has waved its magic wand.

REFERENCES

- 1 Louis F. Post, "The Statesmanship of Henry George," *Tax Facts*, Nov., 1922, 1; box 6, Louis F. Post Collection, Manuscript Division, Library of Congress, Washington, D.C. (LFPC).
- 2 Letter, J.B. Chamberlain to Alice T. Post, June 20, 1932; box 10, LFPC.
- 3 George Geiger, *The Philosophy of Henry George*, New York: Macmillan Co., 1933, 424 and 425.