

# If Henry George Were Living Today...

By E. S. WOODWARD

**H**ENRY GEORGE visualized a social order of advanced culture and abounding prosperity founded on natural law, in which the citizens would retain their inherent birth-right to equal opportunity and responsibility; self-determination and self-reliance; independence and freedom. He foresaw a benign society in which the associated units would achieve the sovereignty of their lives under the suzerainty of God. Never in the history of bewildered and frustrated humanity has there been greater need to recapture that glorious vision.

But George was more than a seer peering into the glories of a delectable city remote in time and space; he was also a pilgrim progressing towards a realizable goal. He was more than an investigator probing the theoretical abstractions of science; he was also a practitioner carrying the benefits of science to the daily lives of men. He was more than a preacher of ultimates; he was a doer of immediates. In a word, he was a realist dealing with ponderable problems in a practical world. He was unswerving in his devotion to principles but he was also resourceful in making compromises to advance them.

Henry George was not a hero worshipper. He would not expect us to worship him. He followed no man blindly. He did not expect blind devotion from his friends. He took nothing for granted and brought accepted teaching to the test of first principles. He bade us do the same. He begged no questions and shrank from no conclusions. Upon us lies the responsibility to be similarly honest, similarly fearless, similarly devoted to truth. If therefore we take time to consider what Henry George would probably do if faced with our problems in our environment of law, custom and circumstance, it is *not* because we exalt him as authority but because we respect him as counsellor and guide. As twentieth century physiocrats we acknowledge no authority but our own convictions born of asking, seeking and knocking at the sources of truth.

What Henry George would probably do in 1941 can only be fairly deduced by pondering what he did in the years 1860 to 1897.

It is fact to say that Henry George's life purpose was the restoration of equality of opportunity and the destruction of special privilege in all its forms. He was as much opposed to the inequality created by trade and money restrictions as he was to the inequality created by land monopoly. He was not a land crank with a special prejudice against landowners. Nor did he ascribe to the institution of landlordism all the economic ills of mankind. For the evils of landlordism, he prescribed an appropriate reform of the land system. For

the evils of tariffs, he prescribed free trade. And for the evils of the monetary system, he prescribed appropriate monetary remedies:

If landlordism had been the only barrier to prosperity, the only cause of inequality of opportunity, the only means of human exploitation, the only malignant monopoly, Henry George would not have wasted munitions upon protectionism in his great work, "Protection or Free Trade." If while blasting land monopoly he could have destroyed protectionism with the same bomb, he would not have saved some of his heaviest and most deadly bombs for his war on tariffs. What other conclusions can we draw therefore than that, in the opinion of Henry George, there are economic evils distinct from and not comprehended within the evils of landlordism against which we must wage war with weapons distinct from and not comprehended within the land restoration armory. This conclusion is extremely simple and should be obvious. But simple and obvious as it is, its significance has been lost upon many ardent and sincere land reformers.

Once the all-sufficiency of land restoration is disputed and the need for other reforms is conceded, there is opened a wider field of investigation and action. Henry George did not shrink from exploring this wider field. He reached conclusions which are on record. His resourceful mind devised ways and means of contending with the other evils he encountered. Notably in the field of finance he found barriers to production and trade, causes of industrial breakdown and unemployment, and agencies of human exploitation. To cope with these monetary evils he proposed, not land reform or free trade, but reforms which were exclusively monetary. It can be proved by the record that Henry George, in the years 1860 to 1897 was a better informed and more advanced money reformer than any of his contemporaries. In fact, few of the present crop of money reformers have caught up to his lead.

On page 581 of "The Life of Henry George" by his son, there appears the following passage: "Since a young man, Henry George had advocated as the best possible money, paper based on the public credit. He regarded silver as another kind of the protective idea: to raise artificially the price of silver. But he regarded silver as preferable to the monopolistic powers gathered round the gold, or so-called, 'sound money' policy."

Here is clear evidence that Henry George saw gradations in the merits of money. To him, gold was the worst possible and paper the best possible, with silver occupying an intermediate position. He saw monopolistic and exploitative powers gathered round the gold standard policy, which exploita-

tion could not be corrected by land reform but by a change in the money system. He saw in silver another, but less dangerous, form of the protective idea and he regarded bi-metallism as a scheme to raise the price of silver artificially. Here is evidence that Henry George, almost alone among the economists of the period, had emancipated himself from the delusions of intrinsic value and from the delusion of exchange value derived from convertibility into precious metals. It shows that seventy-five years ago Henry George was an advocate of a national paper currency, based on the public credit, and adapted in quantity to industrial and commercial needs.

What a contrast to the case of Karl Marx who doomed to puerility in advance all socialist attempts to overthrow capitalist exploitation when he accepted unchallenged the monetary delusion upon which the system rests. With Marx, gold was money and money was gold. With him, there were no exploitative powers gathered round gold. Hence Marx was far, far away from the enlightened paper money policy of Henry George.

What a contrast also to the case of Franklin D. Roosevelt, who, seventy-five years later, has not caught up to the idea of a national paper currency based on the public credit and divorced from gold and who, in consequence, has perpetuated the power of a private monopoly and based the nation's money supply upon the occult mysteries of Fort Knox.

But the claims of Henry George to be ranked as an advanced money reformer of vision and resourcefulness, in days when monetary reform has not reached its present popularity, does not rest upon the testimony of a lone quotation. Book V of his masterly and comprehensive "Science of Political Economy" is wholly devoted to the subject of money and affords ample proof of the writer's awareness that there are potentialities for both good and evil in monetary policy, which are independent of land policy.

Henry George's general attitude to burning questions of the day is illustrated by his action during the Grover Cleveland-William Jennings Bryan contest of 1896. On the one side were ranged tariff-protected trusts, railway monopolies, banks and financial institutions, representing the House of Haves. On the other side were ranged the general body of wage workers, the majority of democrats, and a miscellaneous assortment of reformers of various schools. Bryan himself was an exponent of bi-metallism, campaigning for the free coinage of silver and attaching to that proposal much economic importance. Cleveland was campaigning for the continuance of the gold standard. On the question at issue, Henry George agreed with neither. He was emancipated from the gold delusion and he was too well informed on monetary matters to succumb to bi-metallism. But of the two evils, he thought bi-metallism the less. Moreover he considered free silver an entering wedge by which financial privilege might be ultimately overthrown. From such a contest he could not

remain aloof. The one side was struggling to preserve its monopolies and privileges intact. The other side was struggling, however mistakenly, for economic emancipation. Henry George and a majority of single taxers ranged themselves beside Bryan. A minority, unable to support the free silver delusion, ranged themselves behind Cleveland. On the eve of the poll Henry George made the following characteristic appeal to his dissident friends:

"Of those friends of mine, the few single taxers who, deluded as I think by the confusion, purpose to separate from the majority of us on the vote, I should like to ask that they consider how they expected to know the great struggle to which we have looked forward as inevitable, when it should come? Hardly by the true issue appearing at first as the prominent issue. For all the great struggles of history have begun on subsidiary and sometimes irrelevant issues. Would they not expect to see all the forces of ill-gotten wealth, with the control of the majority of the press, on one side, and on the other a reliance upon the common people, the working farmers and the artisan breadwinners? Is not that so today?"

"Would they not expect to have every man who stood prominently for freedom denounced as an anarchist, a communist, a repudiator, a dishonest person, who wished to cut down just debts? Is not this so now? Would they not expect to hear predictions of the most dire calamity overwhelming the country if the power to rob the masses was lessened ever so little? Has it not been so in every struggle for greater freedom that they can remember or have ever heard of?"

" . . . Gold and silver are merely the banners under which the rival contestants have ranged themselves. The banks are not really concerned about their legitimate business under any currency. They are struggling for the power of profiting by the issuance of paper money, a function properly and constitutionally belonging to the nation. The railroads are not really concerned about the fifty-cent dollar, either for themselves or their employees. They are concerned about the power of running the government and administering the laws. The trusts and pools and rings are not really concerned about any reduction in the wages of their workmen, but for their own power of robbing the people. The larger business interests have frightened each other, as children do when one says 'Ghost!' Let them frighten no thinking man."

It will be noted that Henry George conceived it to be sound principle and good tactics to participate in a struggle which did not involve any of the reforms he advocated. It did involve a monetary proposal in which he did *not* believe. He participated because he thought the election was a part of the ceaseless struggle between the Haves and Havenots. In such a contest he could not stand on the sidelines. He reminds us that all the great struggles of history have begun on subsidiary and irrelevant issues. Perhaps in this case he aspired to leadership so that he might direct it into more useful channels. In any case, he reminds us that assailants upon the

perquisites of the privileged classes will always be denounced; as Bryan and his associates were being denounced, as anarchists, communists and debt repudiators. He reminds us that gold and silver were not the real issues but merely the banners under which the contending forces were ranging themselves. The banks, railroads, trusts and pools were struggling less for their legitimate business interests than for the retention of privilege and power. The workmen were not struggling for silver or bi-metallism but for economic freedom. In these circumstances he appealed to his friends not to divide the ranks. In considering what Henry George would probably do today, the foregoing story of his battle tactics will be found very illuminating.

Henry George stressed the advantages of effecting drastic changes under old forms, of taking machinery already in existence and applying it to reform uses. Acting on this idea, he proposed to leave the outward shell of the land-ownership system still standing and to take the kernel of land-rent by taxation. Of equal importance for the purpose in hand is his expressing the belief that socialized rent would be found sufficient in amount to discharge the principal and interest of all public debts, defray the cost of all public services customarily rendered, and permit the assumption of a wide range of socialistic services then little more than dreamed.

Henry George was more concerned about his objectives and his goal than he was about the ways and means of attaining them. If he had known of better methods, he would have proposed them. If he could have anticipated sixty-two years of retrogression, during which the institution of land ownership would become more strongly entrenched in thought and action than ever; and the tax system infinitely more mischievous and complicated; and the money power more monstrous and more subversive of human rights; and tariff barriers, quotas and embargoes destroying the last vestiges of freedom of trade; and governmental boards and bureaus stifling industry, fixing prices, raising costs and controlling marketing, and as a consequence of these things, unemployment engulfing millions of men, he would have sought diligently for more effective methods of advancing the cause he had at heart.

If Henry George were living today, he would urge us to be realistic in the study and solution of our problem. He would urge us to an objective study of the causes of past failure. He would urge us to look around us for new methods and new opportunities of reaching our objectives.

He would chide us for having fore-doomed the policy of exempting municipal improvements from taxation to failure by launching it in a mathematically impossible field of operations. He would blame us for having blamed everybody but ourselves for the disrepute in which the single tax cause has fallen wherever it has been tried, in Western Canada, for example. He would remind us that he proposed to exempt improvements and to tax rent. Our practice has been to

exempt improvements and to tax an ever-decreasing fraction of rent. This practice has developed from the unchallenged acceptance by Georgeists of net, sale or residuary values as the basis for assessment, instead of gross capital value, or alternatively, the full annual value payable by the occupant on the assumption that the owner is liable for taxes. George would urge us to pay more attention to the legislative framework necessary to the operation of our system.

Henry George would also admit that his expectations had not been realized in respect to the supposed advantages of preserving the outward semblance or shell of landlordism whilst taking the kernel of rent by taxation. The weakness of the method, revealed in actual experience, is that by failing to destroy the concept of private ownership in the minds of both owners and public officials it tends to generate opposition, not only from landlords, but from those whom it seeks to benefit. The single tax method, by leaving the ownership concept unweakened, excites hostility as an infringement of right rather than develop support as a vindication of right. It appears, even in the minds of the general body of citizens, to single out one form of property for discriminatory tax penalties. Henry George would admit that in the light of the experience gained, it is necessary to reconsider the single tax method and to adopt a method of attack which will leave no illusions of ownership in the minds of anyone.

In his search for new methods of destroying special privilege in land, money and trade and of delivering mankind from their accumulated burden of interest-bearing debt, Henry George would by no means overlook the important contribution made by Silvio Gesell. Just as Henry George proposed to render land valueless to monopolists and to force it into maximum use by collecting land-rent, so Silvio Gesell proposed to render money valueless to monopolists and to force it into maximum use by collecting money-rent. This would immunize the nation's money supply to usury, and make it available to labor without tribute to parasites. Henry George would perceive quite clearly that the adoption of this simple proposal would have far-reaching and extraordinarily beneficial consequences. There would be no idle acres in congested areas and no idle money and no idle men. The forces of production would be liberated and there would be more wealth to divide. And the only people to divide it would be those who produced it, inasmuch as landowners and interest receivers would be eliminated. There would arise a strong demand for non-interest bonds as a means of saving, *i.e.*, to escape the rental charge on money, savers would gladly exchange their savings for bonds which escaped the rental charge but which paid no interest. With the proceeds of these non-interest parity bonds, the top-heavy debt structure could be undermined. At present, refunding operations are a means by which the burden of interest is perpetuated for generations, by which the people are kept in bondage. Under the circumstances, refunding operations would pay off interest-

bearing debt with non-interest bearing bonds and bring emancipation to the people. If Henry George could see tactical advantage in sponsoring Bryan's ineffectual monetary proposals, how much more certain it is that he would see the importance of Gesell's more fundamental contribution.

Equipped with demurrage-money and non-interest parity bonds, Henry George would not hesitate to tackle the land restoration problem from a new angle. The chief objection to liquidating landlordism by expropriation proceedings has always been the knowledge that it would perpetuate the old evil in new form. Rent receivers would become interest receivers without gain to the community. Under the new circumstances introduced by Gesell's important proposals, landlordism can be completely eradicated by expropriation within fifteen years. In equity, landlordism has no claim to compensation but in fact it is still in full operation and landlords are still receiving economic rent. Seventy-five years of single tax activity has not made the slightest dent in the armor of landlordism. It is, in fact, more strongly entrenched than ever. What hope is there that at the present date of progress by the single tax method, the next seventy-five years will show any better results? Henry George would be realistic enough to see the advantages of paying off the landlords with non-interest bonds, socializing rent in one large-scale operation, using the proceeds of rent to retire the bonds, and having the whole institution liquidated in fifteen years.

The choice lies between perpetuating landlordism indefinitely by pursuing ineffectual methods of dealing with it, or of terminating it quickly by pursuing effectual methods. Henry George would not allow anything to prevent him from going right to his objectives by the shortest and cheapest route. He would also remind us that by expropriating landlords with bonds, the psychological difficulty would be surmounted. The very concept of landlordism would be destroyed in the minds of everyone.

Finally, Henry George would urge his followers to organize for victory, *i.e.*, the complete emancipation of the people from rent and debt-burdens to a privileged class. He would urge a Board of Strategy. He would urge us to prepare young men trained in assessments, valuations, law, finance, accountancy, engineering, executive administration, writing, speaking, public relations, etc., to fill the important offices of public life. These men should not have to pussy-foot their principles because of the inapplicability of their proposals; on the contrary their principles should find expression in practical measures of immediate and permanent benefit to the people. The post-war world will require leaders who know where they are going and how to get there. The objectives and the goal of the Georgeist movement are as right as ever. Its methods are hopelessly out of date, and absolutely ineffectual. A heavy responsibility of evil will rest upon all Georgeists who persist in ineffectual methods which are getting nowhere.

## Puck and the Man from Mars

By HORATIO

*"What fools these mortals be!"—Puck*

THE Man from Mars asked Puck the reason why Men starve in sight of plenty on this plane. "There's something wrong upon your Earth, and I Would like to know why your wise men refrain From seeking out the cause." "The over-rich," Said Puck, "are too well fed to even think About such matters. Sleeping at the switch Their sages are—let Civilization sink!" "Since work is the wealth-maker, why should work Be hard to find, while men are wanting wealth? And those who do work, toiling like a Turk, Why can't they earn enough to keep in health?" "It is a riddle science will not solve, Because the clue would privilege involve."

The Man from Mars was puzzled. Puck showed him How people on this planet cripple Trade; At every port a Custom House to skim The cream from Commerce like a pirate raid! "Caprice," said Puck, "is their besetting sin; Nor do their Solons know what they're about— They dig out harbors to let Commerce in, And then raise tariff walls to keep it out! Yet these same men are wise in other ways— Like Hamlet, they are only 'mad North-East!' A privilege is entrenched each time we raise The tariff walls. But poverty is increased, And want means war—for hungry men will fight, With tariffs first, and then with arms outright!"

"They must be crazy," mused the Man from Mars, "To dig canals, then fill them up again. Such waste of public revenue—my stars! These fools upon your planet cause me pain." "But that makes *work*," said Puck, "and work is what They think they want the most. Their bumper crops Have been plowed under or allowed to rot, Lest field hands starve next year if farming stops." "If work is what they want, let them catch flies, Or roll stones uphill till their muscles tire," The Man from Mars facetiously replies, When Puck suggests work is their chief desire. "What they need most is *less* work with more pay, These earthly fools, why can't they find the way?"

The Man from Mars and Puck were standing by To watch the people making tax returns. "Stand and Deliver this scene might well imply On any sphere where Equity sojourns; But on this planet," said the Man from Mars, "They do not know there's revenue enough In natural Rent—and only so because Their learning is not worth a pinch of snuff! The Rent—that you call Rent of Land—is paid For 'social gains.' And your landowners here Reap in this gain. And all the while, it's Trade And Public Service that make Rent appear. If men took Rent for public use, tax free They'd be." Said Puck, "What fools these mortals be!"