

THE AGE in which we live is marked by what is sometimes termed a "crisis of identity." On college and university campuses, especially, the query arises from students on every hand: "Who am I?" Our movement, too, appears to be afflicted by this crisis — as witnessed by the continuing debate over what we ought to call ourselves.

I intend to examine some of the options, and then suggest one of my own. My suggestion, however, will encompass not merely a proposal for a name, but also (and more importantly) a statement of what I think we really stand for.

Although there are doubtless others, I have personal knowledge of only three or four individuals who actually call themselves "single taxers". I strongly sympathize with what I apprehend to be the reason for their choice, namely, that it underscores our opposition to the arbitrary and indiscriminate exercise of the taxing power. Yet there are a number of counts on which I find the appellation unsatisfactory. To begin with, Henry George himself was never happy with it. While he accepted it as a concession to popular usage, he did not consider it descriptively accurate. First, Seligman to the contrary notwithstanding, the "singleness" aspect of George's remedy is not its central feature; second, the remedy isn't technically a tax at all but rather a public fee for a special benefit. Moreover, the name implies that what we advocate is a mere revenue reform, rather than a thorough-going philosophy of justice. Finally, it relegates us to what Heilbroner calls "the underworld of economics" by identifying us in an unqualified way with a position which is today generally, even if mistakenly, perceived as an exploded panacea belonging to the final decades of the last century.

Morgan Harris holds that the ideal title for us would be "untaxers," and, in the face of Proposition 13, it would be foolish to deny that this term might have considerable popular appeal. But to call ourselves "untaxers" would be to focus on but one aspect of what George proposed, to separate it from its moral framework, and to fail to distinguish us from the anarchists, who want to abolish taxation because they want to abolish even the minimal state.

"Incentive taxation" may be dismissed out-of-hand, since too many people misconstrue it as a meaning that incentive should be taxed. Furthermore, it shares with "land-value taxation," "site-value taxation," and the other terms I have discussed so far, the defect of being too narrow — of giving the impression that we stand for nothing but a fiscal reform, however vital that reform may be.

We are confronted in Marxism not with a mere fiscal proposal but with a full-orbed ideology — twisted, self-contradictory, vicious, yet nonetheless insidiously seductive. As I remarked in my column in *The Analyst* when I was director of the Henry George School in San Diego nearly twenty years ago, one ideology can only be driven out by another. We, too, have a full-orbed ideology. Let's not hesitate to present it as such. College students, in particular, are turned off by the pastiche of business, union, and government monopolies mislabelled "capitalism." They're disillusioned with the half-measures of the "mixed economies," and with the counter-productivity of the welfare state. They are repelled by the hideousness which communism has everywhere exhibited in practice, and know that such socialist democracies as have managed to stay afloat have done so only to the extent to which their socialism has been honoured more in the breach than the observance.

Young people are seeking an alternative. Many are

# Neo-Georgism & The Quest For Justice

turning toward libertarianism, and I think this is all to the good. But for a libertarian, there are only two consistent possibilities. One is to go with Murray Rothbard and Bob LeFevre, and jettison the state completely. The other is to accept the concept of a limited government, supported by payments for benefits received. Although superficially attractive, the first of these is, in my judgement, both theoretically and practically unsound. I refer those who wish to explore this topic to the arguments of Robert Nozick, which I find persuasive. The second is the alternative which we alone can offer.

To non-anarchist libertarians who do not concur with our alternative, I pose this question: even a minimal state must somehow be supported. Shall it be supported by coercive imposts upon private earnings? Or shall it be supported, at least as far as possible, by a fund created by society itself, a fund that if not taken for the common use, operates as a crippling gyve upon labour and capital alike?

I AM NOT ashamed to associate myself with the name of Henry George. Never has any social movement had a worthier founder. Unlike so many messianic leaders, he was a humanitarian, a genuine philanthropist, conscious of his worth yet at the same time unassuming. His personal life, though marked by many ups and downs, was never marred by pettiness nor tainted by scandal. The loftiness of his motives was granted by even his most intractable opponents. As a literary stylist, he has no peer. As a social critic and philosopher, he stands in the very first rank, head and shoulders above any other that this nation has produced. And as a technical economist, his competence was attested by no less an authority than Joseph Schumpeter, probably the foremost economic historian of our era.

Why, then, am I reluctant to go on calling myself simply a Georgist? The answer is that to do so is to imply a doctrinaire, uncritical acceptance of every detail of his thought — to destroy one's credibility and to court dismissal.

For Henry George, despite his greatness, was not infallible. My recent editorial task forced me to appreciate his greatness more than I ever had before, but also to become more conscious of his flaws. Even Schumpeter, who rates him very highly, points out his failure to understand the seminal contributions of Marshall and Böhm-Bawerk. And most contemporary economists, whose grasp of economic history and theory is far weaker and less informed than Schumpeter's, perceive George as nothing but the peddler of an outmoded nostrum.

We, who would promote the essence of what George taught, owe it to the cause for which he literally laid down



When the author of *Progress & Poverty* died in 1897, he left behind a world-wide movement composed of people who called themselves "Georgists". In this reassessment of Henry George's influence, R. V. Andelson — professor of philosophy at Auburn University, Alabama — argues that an uncritical support of the original works of George serves to retard the prospects of achieving the fiscal reform — land value taxation — for which the "Prophet of San Francisco" campaigned. Prof. Andelson is Editor of *Critics of Henry George*, which was published last year by Fairleigh Dickinson University Press.

## By PROF. BOB ANDELSON

his life, to present it in as credible a light as possible. We must divest ourselves of anything that connotes unthinking dogmatism. We must let no one imagine that we are impervious to economic insights that have occurred since George arrived at his. We can do this, I submit, and still affirm our debt to him. We can do it by calling ourselves "Neo-Georgists."

By calling ourselves Neo-Georgists, we can acknowledge him as our primary source of information without giving the impression that we are necessarily wedded to what Professor Cord so aptly terms his "all-devouring rent thesis," to his notion that wages and interest rise and fall in unison, to his assumption that land held for speculation is characteristically kept absolutely idle, to his theory of the reproductive modes of interest, or to his fancy that "the earth could maintain a thousand billions of people as easily as a thousand millions."

I'm not saying categorically that George was wrong in all these cases. I think, for instance, that probably the natural tendency is for wages and interest to rise and fall in unison, and that this tendency has been simply overcome, for the most part, by countervailing influences. But at present there is no conclusive empirical evidence to support the theory, and a considerable amount of data which might seem to tell against it. The point is that every one of these ideas, whether defensible or not, is almost universally held to be discredited. I see no reason why we need be any longer hampered by them, since, in my considered opinion, they can be discarded without serious detracting from George's basic thrust. Neither need we continue to be hampered by that misleading slogan, "We must make land common property," which has hung from the beginning around the neck of our movement like a millstone. By calling ourselves Neo-Georgists instead of Georgists, we can rid ourselves not only of these unnecessary burdens, but also of that simplistic and dismissive series of patronizing associations which we've all encountered: Henry George — single-tax — panacea — nineteenth century — etc.

THE MODERN friend of George's teaching who views the "Prophet of San Francisco" as a profound and perceptive guide rather than as an omniscient oracle, will find the elegant 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 fundamental core of George's

thought remains, in any event, intact.

What, then, is the fundamental core of George's thought to which we remain committed, and what are the modifications as to policy proposals which Neo-Georgism would entail?

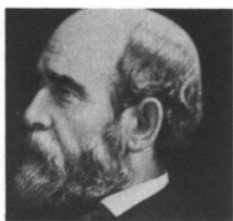
Let us begin with George's moral presuppositions: the labour theory of ownership, and the belief in natural rights which underlines it. Those who espouse our goals without sharing these presuppositions may be considered allies, and I welcome their support with all my heart. But Georgists or Neo-Georgists they are not. For any system tied even by a prefix to the name of George, would be unthinkable apart from these decisive moral insights. His economic methodology may have been, as he claimed, value-free. But he was more than economist. Above all else, he was a teacher of righteousness.

After a long period of dormancy in intellectual circles, the concept of natural rights has undergone something of a revival, evidenced most prominently, perhaps, today in the work of Rawls and Nozick. Thinkers like Sir Isaiah Berlin and Alan Gewirth have argued that it is a necessary deduction from the rules of logic. Although I am personally attracted by this essentially Kantian approach, I question whether, unamended, it can survive the objections of critics such as R. M. Hare. I agree that certain moral conclusions follow from the structure of rationality. But the duty to be rational, I am persuaded, insofar as it exists, demands (as Kant himself recognized) axiological — or, if you will, theological — assumptions. Be this as it may, the important thing for our position is to recognize that natural rights do exist — rights not created by the state, rights which precede all human laws and institutions. If we abandon this, the remaining views of George which we embrace may contain keen economic analysis, valuable sociological theory and timely policy prescription, but they will never add up to a full-scale ideology because an essential philosophical dimension will be lacking.

As for the labour theory of ownership, although it has been the subject of attack ever since its enunciation by John Locke, I do not find any of the attacks convincing, and know of no other satisfactory moral rationale for the distinction between mine and thine. The first-occupancy theory, favoured by anarcho-capitalists like Rothbard, on the one hand, and by conservative Roman Catholic writers like Father Victor Cathrein, on the other, involves unstated premises which, when exposed, render the theory wholly untenable. The social-utility theory, asserted by such otherwise disparate thinkers as Seligman, Carver, and Msgr. John A. Ryan, would make ownership, like all other individual rights, dependent upon whether or not it is deemed useful to society. The crucial problem here is that of determining who is to define the criteria for usefulness. The fact that the very thinkers I have mentioned as asserting this theory are far from in agreement as to these criteria, suggests how frail a surety for individual rights the theory offers. I am not, of course, implying that all who hold the labour theory of ownership are in perfect harmony as to its application. But their differences can be resolved by rational analysis; the major differences among the social utility theorists cannot because they stem from ultimate differences in value judgment.

If we affirm the labour theory of ownership, as I think we must, two deductions follow ineluctably. First, that there can be no legitimate human title to property in nature, since nature was not created by human labour. Second, that since production is impossible without access to nature, the authority to require private tribute for such access violates the only kind of ownership which has a moral basis.

Henry George put the matter plainly: "When non-producers can claim as rent a portion of the wealth created by producers, the right of the producers to the fruits of their labour is to that extent denied."



Whence arises rent? What gives nature a market value? What other than the growth of the community? Not growth in population merely, although that is certainly a factor, but also growth in technological and commercial development, in cultural amenities and in public services. Pure rent is a social product; therefore, it belongs to society by right.

**I**F I WERE to try to put the crux of Henry George's message in a nutshell, it would be this. In the distribution of wealth, the just satisfaction of individual claims ordains that society's claim be also justly met; that the recognition of legitimate personal property rights necessitates the recognition of legitimate social property rights. For the value of raw land is the result of labour — the labour of the community — while the land itself constitutes the natural material of opportunity, apart from which labour cannot function or indeed exist. Hence, natural opportunity should be open on the same terms to all, and socially created values socially appropriated, while the rewards of nonpredatory private effort should be left inviolate to their producers or to the designees thereof.

The distinctive genius of Henry George is not manifested in his having been the first to grasp this concept, for he was not, but in the fact that he elaborated it more fully and articulated it more powerfully than anyone before or since.

The application of this concept, as conceived by George, envisages a system of public revenue which is much more than a system of public revenue. It envisages the exercise of the taxing power to ensure a "fair field and no favour" by collecting, not a true tax, but rather a public fee from those whose enjoyment of public benefits limits the availability of those benefits to others.

Since the exclusive use and disposition of a site is a benefit received by the owner at the expense of the rest of society, the Neo-Georgist will follow George in insisting that, apart from a modest "brokerage commission," this benefit be paid for in full, as measured by the market value of the site. Quite apart from its commanding equity, this levy commends itself on fiscal grounds because of its non-shiftability and its benign effect upon production.

But the Neo-Georgist will not be a single-taxer, for four reasons. First, because, even conceding the savings in domestic expenditure to be anticipated from this reform, and conceding also that the potential land rent fund is far greater than is commonly appreciated, it is doubtful that legitimate public functions could today be wholly met from rent in view of the enormous costs of national defense. Second, because the exclusive use and disposition of a site is not only special benefits afforded by society. Third, because if fees for special benefits prove insufficient to meet the expense of genuinely necessary public services, general levies to make up the difference are quite justified. Finally, because in times of desperate national emergency when, in the words of the late Harry Gunnison Brown, "millions of men might be required to risk their lives at the fighting front," considerations of actual national survival might temporarily warrant whatever measures were capable of raising the needed revenue most quickly and efficiently.

Let me hasten to emphasize, however, that to say that all these levies can be justified is not to say that they can all be justified under the same conditions or to the same degree. Neo-Georgism stands for a definite order of priorities, governed by the benefit principle.

In contrast to the "single-tax limited" of Thomas Shearman and Charles B. Fillebrown, it calls for the public capture of the *full* land rent, less a percentage just large enough to induce owners to retain private title. Only after this has been applied to the cost of essential public services will it recognize the suitability of other special benefit fees such as use taxes, of which the gasoline tax (assuming it be spent on highways and related functions) is a prime example. For if these other special benefits could be funded out of rent without diminishing necessary services of a general nature, to provide them free would involve no social sacrifice comparable to that sustained when natural opportunity is monopolized. If there were a surplus in the rent fund, I would personally prefer to see it allocated as a per capita dividend to be invested or consumed according to private choice, rather than spent, in part, on public dancing halls and shooting galleries, as George suggested in what I can only interpret as a flight of whimsy. Still, in this hypothetical eventuality, even frivolous expenditure would not impose a burden.

Unfortunately, we live in the real world, and in the real world today, I fear, use taxes could be charged to the limit and something approaching the whole of economic rent applied to those general public services which a libertarian like Hayek or Nozick could consider proper, yet those services might still require additional support. This being the case, Neo-Georgism would advocate some sort of general levy approximating objective equality (possibly a nongraduated percentage of incomes) to take up the slack. Levies apportioned according to criteria other than special and then general benefit would be acceded to only as a temporary last resort in extraordinary crises.

**W**ITHIN LESS than two years of its publication by a commercial press, *Progress and Poverty* was a runaway best-seller, and its author's name an international household word. By contrast, the only volume of *Das Kapital* that appeared in Marx's lifetime was barely noticed. Yet today, Henry George is relatively forgotten, while half the world calls itself Marxist. Does this indicate that Marxism has proved itself a viable system, and that the thought of George is nothing but a burned-out meteor that once briefly lit the sky of social protest and reform? Scarcely.

Marxism has not, in point of fact, demonstrated its viability as a system. It is rife with ambiguities and contradictions, both philosophical and economic, while to the extent that it may be said to have been implemented with any degree of material success, its toll in human life and freedom has been so great as to render it utterly repugnant to all but the most callous. For the effectiveness of Marxism lies neither in its cogency as an intellectual system nor in its utility as a constructive programme; it lies rather in its propaganda value as a revolutionary myth — a myth with spurious but well-advertised pretensions to scientific authority and historical inevitability. It is these pretensions, providing as they do both an aureole of seeming dignity and a promise of triumph to the aspirations of the "have-nots," that give Marxism its potent appeal to the mass-minded and cause it to be embraced, at least in name, by so many of the power-seekers who pose as saviours to the "wretched of the earth."

No matter that it has everywhere turned out to be a false guide to history and a miserable failure in practice! It still exerts a fatal attraction, especially to the jobless

# JO'BURG: Shameless votes bid attack on site value rating

ONE FACTOR dramatically distinguishes Johannesburg's buildings from those of most other cities outside of Australia and New Zealand: they are untaxed. Since 1919, not a penny in taxation has been raised on buildings. The whole of the city's rates are levied on site values alone.

Many attempts have been made by vested interests to change the system, but all have failed. In 1944 an independent committee of enquiry appointed by the City Council reported that there were no grounds for change. In 1948, and again in 1953, the city's Chamber of Commerce came out strongly in favour of site-value rating.<sup>1</sup>

To-day the rating system is once more under attack. This time it is not so much the land value principle that is being challenged as the practice of levying rates on residential property. The objectors are not asking for the basis of the rating system to be changed completely: they just want residential property exempted. The lost revenue, they say, should be made up by an increase in the central government's General Sales Tax.

Leading the new campaign is Councillor Francois Oberholzer, chairman of the City Council's management committee. According to press reports<sup>2</sup> he and his supporters are demanding the change because of the rising level of the rates and because of the additional burdens which a recent government committee report has recommended should be placed on local authorities. They are also critical of the fact that the present system takes no account of the financial circumstances of individual ratepayers, especially pensioners on fixed incomes.

Through a firm of public relations consultants, Oberholzer has approached leading citizens to form a Board of Trustees to back the campaign. According to the text of the consultants' letter<sup>3</sup> the tactics will be to persuade the public that the proposed switch to sales tax would be "in the interests of the citizens of Johannesburg as a whole."

The Johannesburg *Star* reported on 5 June that the campaign is getting a mixed reception. Many residents, it seems, far from accepting the proposal as in their interests "as a whole," see it as an election gimmick calculated to win the votes of householders but blatantly unfair to the rest of the community who would have to pay the higher sales

tax while continuing to pay the present rates on their properties.

Others fear that the abolition of rates on housing land would push up the price of houses, making it decisively against the interests of young couples wishing to buy their own homes. Yet others see the danger that financing local authorities from the national sales tax would increase the government's influence in local affairs, a development that could well be contrary to the interests of Johannesburg residents.

The measure proposed is one of shameless discrimination in favour of one particular group with flagrant disregard for the wider consequences. It may well be that removing the rates burden from the householders, even with an increase in sales tax, would benefit them in the short term. But in the longer term the fears of some Johannesburg citizens about dearer housing would become cold reality.

*Tax-free housing land would be more attractive to own than other land and would command a higher price than before. All who wanted land for housing would be forced to pay the extra, and first-time buyers, especially, would find themselves having to face higher prices and bigger mortgages.*

Similarly, tenants would face increased demands from their landlords. They would lose, on the swings of higher rents, anything they might gain on the roundabout of lower rates.

Nor would existing owner-occupiers be likely to gain in the long run. If exceptions to the just and equal application of a tax can be made for one group, the door is open to others. Once the principle is breached the way is clear for the whole system to be jettisoned.

And let there be no doubt: the abandonment of the site value system, while being bad for all citizens, would be a calamity for the house-owner. Site values are, in effect, heaped up in the commercial centres of towns and cities. They thin out on the residential outskirts. So under site-value rating the major contribution to the city's revenue is made by the owners of the valuable central sites. But since those high values are created by the community as a whole in providing the environmental services and amenities (either collectively through the council or individually by private developments) there can be no argument that the system is ethically sound.

No other rating system can offer the house-owner the built-in safeguards of site value rating. Under it he knows that his assessments – and those of everyone else – reflect just one thing: the benefits conferred on them by community activity, benefits which increase the value of the land they own.

Oberholzer's proposal may have its roots in genuine concern for some householders in a period of sharply rising rates, in which event it is misguided. Nothing can be more just than the community taking back, in rates, some part of the values it has created. Or the campaign may be the beginning of a cynical attempt to overthrow a most equitable system of local taxation.

## REFERENCES

1. H. Bronson Cowan, *Municipal Improvement and Finance*, Harper Brothers, New York, 1958.
2. Johannesburg *Star* and *Rand Daily Mail*, 6 June, 1980.
3. D. Hilton-Barber & Harris (Pty) Ltd., letter to Dr. Peter Penny, 6 March, 1980.

REPORT BY BERT BROOKES

intellectuals and semi-literate subalterns of the underdeveloped nations who see it as the wave of the future, and who fancy themselves the destined elite of a coming proletarian dictatorship.

Against it, the mélange of civil liberties and monopoly privileges miscalled capitalism can make no political headway in an increasingly populist age. Only capitalism can provide the incentives imperative to keep production capable of satisfying needs. But only a *purified* capitalism in which the distribution of the product reflects unmonopolized natural opportunity can commend itself to the disaffected millions upon whose allegiance the course of history could very well depend. Perhaps, as the lessons of experience become too painful to ignore, these disaffected ones will apprehend that indiscriminate expropriation is no real solution to social problems. Then the long-neglected doctrine of Henry George, pruned of questionable but inessential details and supplemented by fresh understandings and techniques, may come at last into its own.