

New Judgement on Henry George



by A. J. CARTER

IT IS PLEASANT to find an academic who understands George's ideas and is able to write about them without misinterpretation. *Henry George: Dreamer or Realist?** is a work of scholarship in which the author, a professor at Indiana State College, has examined the treatment of George and his ideas by American historians and economists, ranging from those who were George's contemporaries to those of the present day. A glance at the bibliography, which alone runs to some twenty pages, impresses one with the knowledge and research that provide the background information for the book. It is something, perhaps, that so many people refer to George at all.

As might be expected, however, the majority of those who give George space do so only briefly; most of them are guilty of gross errors, and most (though not all) either condemn his ideas or are so lukewarm in their favour that their sympathy is almost a condemnation in itself. Professor Cord deals lucidly, and as far as one can tell, fairly, with all the comments made. He refutes a large number of the cruder misconceptions—the commonest being that George advocated land nationalisation—and his skill in doing so adds weight to his endorsement of the objections that he does think are of substance. He looks on George's attribution of economic depressions to speculation in land, for instance, as an over-simplification. Land speculation is one significant cause of industrial depressions, says Professor Cord, but not the only one.

Such criticisms may modify, but do not invalidate, George's economic analysis. Henry George was a great man, but he was only a man, and no man is omniscient. The truth is always bigger than our comprehension of it. It would be surprising indeed if after nearly ninety years there were not some new factors qualifying George's thesis that George himself overlooked, underestimated or could not possibly have foretold.

George's development of the law of rent, like much of the structure of classical economics that he accepted, assumed that "other things were equal." Professor Cord shares the modern outlook in deriding this attitude. Thereby he subscribes to the widespread fallacy that if someone makes an assumption he necessarily believes that assumption to be literally true. One wonders what the scientist Robert Boyle would have thought if, when trying to ascertain the relationship between the pressure and the volume of a gas, and for this purpose maintaining its temperature as constant, he had been told that the

experiment was worthless because temperature was not constant at all. As if he didn't know! If temperature were constant there would be no need to keep it so. Similarly, if all human activity were economic, there would be no need to postulate the economic man. It is precisely because in the everyday swim of things man's economic motivations are mixed with others that economic tendencies cannot be arrived at without the help of theory. Does anyone seriously suppose that Adam Smith, who for twelve years occupied a Chair of Moral Philosophy, was unaware that economic motives were accompanied by social, ethical and non-rational motives?

Professor Cord rejects the argument that land values should be collected by the community because they are created by the community. He declares that the value of all goods is created by the community, since no one individual can affect the price.

The distinction is that land is not produced, whereas goods are. Land values are determined solely by the community's demand, whereas the price of goods is determined, at least in so far as there is open competition, by their cost of production.

It is brought out clearly in the book how George has suffered the fate of being pilloried by all. Karl Marx attacked the single tax as "capitalism's last ditch"; a more recent writer attacks it as entailing a "virtual revolution against capitalism." Nowadays, accustomed as we are to a powerful state, George's fervent support for free enterprise may seem almost reactionary, but in the context of his own times he can be seen, as Professor Cord sees him, as one of the forerunners of many who wished the state to act more positively. A fascinating corroboration of this view lies in the contemporary argument that collection of the full economic rent would yield an excess of revenue for the state and so lead to corrupt government. This argument puts into perspective the current objection that a 100 per cent. land-value tax would yield insufficient revenue. It serves as a reminder that the general level of public expenditure should at no time be regarded as fixed.

One of the recurring failures in the remarks made about George is the lack of distinction between the single tax on land values and the taxation of land values as such. Some of the opposition to a land-value tax as the only tax would not have applied to a land-value tax as one among others. The author's own assessment is that the virtues of land-value taxation have been obscured by the insistence on it as a single tax; that a tax on land values is good but that it must be accompanied, both in equity and to raise enough revenue, by other taxation.

* *Henry George: Dreamer or Realist?* by Steven B. Cord. University of Pennsylvania Press. \$6.00.

There are two separate issues here; one is the nature of the ideal, and the other the practicability of achieving it. Those who believe in the single tax argue not only that the economic effects of a tax on land rent are quite different from those of the many taxes on wages and interest, but also that the earth is the birthright of all mankind. They therefore hold firmly to the essential rightness of the single tax. At the same time, the majority of single taxers are not pacifists and so would join with the author of this book in recognising that in the modern world the sad necessity to spend fairly large sums of money on defence renders immediate application of the single tax impossible. This impossibility is not an argument against the single tax; rather it is one more reason why mankind should abandon the wasteful folly of war. If all the counties of England or the separate States of the USA maintained their own armed forces, even the income tax might become a little strained.

To the question that comprises the title of this book, the author's answer would probably be that George was a bit of each: a dreamer certainly, but also a realist in the sense that his proposals were sound, practical and effective. Those who are inspired by the ideas which also inspired Henry George, and which he publicised with so much force and eloquence, would not necessarily disagree that George was both dreamer and realist, but their emphasis would be different. For them, when George dreamed of social justice and a world from which involuntary poverty had been banished, he dreamed only of the end of evils that he knew how to destroy. It is, after all, the mark of every major reformer that he is neither solely a dreamer nor solely a realist, but a fertile combination of them both.