

# BACK TO THE FUTURE

By Robert Clancy

*"Once Cimabue thought to hold  
the field  
In painting, and now Giotto has  
the cry  
So that the other's fame, grown  
dim, must yield.  
Dante, Purgatorio*

IN PRESENT-DAY economic teaching, Paul A. Samuelson held the field for quite a number of years. But now it looks as though Campbell R. McConnell, as his "Giotto", has surpassed him. McConnell's *Economics* now has twice the circulation of Samuelson's *Economics*, making it the leading textbook on the subject.

McConnell's book is now in its tenth edition (1987). Why has it overtaken Samuelson? McConnell is a bit younger though not that much. Samuelson had a younger collaborator on his twelfth edition, William D. Nordhaus.

McConnell has been called "down to earth", though lacking the "elegance" of Samuelson's writing. McConnell's more practical approach appeals to college professors.

Samuelson began his economics textbooks during the heyday of Keynesianism and his early editions reflected this; he has had to go through various gyrations to modify his approach since the Keynes analysis has fallen on hard times. McConnell's advantage was that he did not identify so closely with this approach.

However, both economists have a "mainstream" approach and are not far apart in their analyses. Both are critical of the supply-side Laffer curve as well as of the Keynesian Phillips curve. Both distance themselves from the neo-conservative school as well as from the neo-Marxist school. Both feel that economists agree on more than appears to be the case, the main disagreements being on what economic policies to follow. Both tend to give two or more sides of a controversial issue, apparently leaving it up to the reader (student) to decide. McConnell summarizes economic

goals that are "widely accepted" as follows: Economic growth, full employment, price stability, economic freedom, an equitable distribution of income, economic security, balance of trade. How to reach these goals — that's the bone of contention.

ON THE MATTER of land value taxation: Both economists give essentially the correct analysis of the rent of land: that it is a surplus, that it does not affect the productivity of land or the price of products, that a tax on land, even absorbing the full rent, would fall directly on the landowner and would not interfere with production.

In keeping with the more theoretical approach, Samuelson and Nordhaus (as reported in the March-April 1986 *Land and Liberty*) offer a Utopian model: "Our ideal society finds it essential to put a rent on land as a way of maximising the total consumption available to the society. But these efficiency rents need not go to the privileged — they can go to the state (in rents or in taxes on rents) and be distributed as a social dividend or be used to buy public goods." But these authors stop short of advocating this in the real world, offering criticisms usually heard about "fairness", etc., and concluding that it would be a "political decision" on which their book cannot decide.

McConnell outlines Henry George's "single tax", with arguments pro and con. The con arguments are essentially the same ones we have been hearing over and over: rent would not be enough for public revenue; it is not the only unearned income; it would be unfair to single out landowners; land and improvements are too difficult to assess separately — arguments that have been answered time and again.

However, McConnell, in line with his practical approach, at least does not stop there but speaks about the present-day world. While its singleness is questioned, land value taxation is

put forward as a measure that appeals to urban economists, city planners and public officials. "Many of them contend that a strong case can be made on grounds of both equity and efficiency for a heavy tax on land values."

It is also pointed out that "high property taxes on buildings have been an important factor in the physical deterioration of the central city of many metropolitan areas. Hence, more urban economists favor greater use of taxes on land and less use of property taxes on buildings."

Encouraging words, although the significance could be missed in a large book of over 900 double-column pages dealing with multifarious subjects — macroeconomics and microeconomics, inflation and the price system, demand and supply, money and banking, urban and rural economics, etc.

In these two textbooks, and indeed in most such books on economics, Henry George's single tax only comes up as a fiscal matter with immediate fiscal arguments pro and con. It is seldom if ever noticed that this proposal comes only after a lengthy examination in George's *Progress and Poverty* and that he first outlines it on page 406. Prior to this, the book analyses the problem of poverty and depressions and concludes that land monopoly, aggravated by land speculation, is the basic cause; thereupon the remedy is offered. In current discussions of the business cycle, various theories are expounded — notably monetary — but there is scarcely any recognition that George propounded a business cycle theory.

Dante, after referring to the rivals Cimabue and Giotto, continues: "... Perhaps the man who will un-nest both is already born." In the case of Giotto it was 100 years before another artist of sufficient stature came to "un-nest" him. Instead of waiting 100 years for a new economist, we might go "back to the future" 100 years ago and rediscover Henry George.