

du Pont: Georgist and Modern Physiocrat

By WILLIAM E. CLEMENT

The recent passing of Francis I. du Pont removes from the American scene a figure long prominent in finance, chemistry and economics. Member of the well known Delaware family of that name, and former director of E. I. du Pont de Nemours & Co., Mr. du Pont at the time of his death was active head of the New York Stock Exchange firm of Francis I. du Pont & Co. and Chisholm & Chapman.

Though he was the holder of more than one hundred patents, the best known having to do with the manufacture of smokeless powder and a minerals separation process, and though his brokerage house was one of the more important firms in Wall Street, Mr. du Pont will be remembered by Georgists chiefly for his writings and activities in the field of economics.

Mr. du Pont showed in such of his printed works as "Rural Electrification and Farm Land Taxation" (in which he collaborated with the present writer), "Artificial Scarcity of Farm Land," and "Constructive Criticism of Henry George's Progress and Poverty,"* a good understanding of the iniquities of land speculation and a high respect for the philosophy of Henry George.

According to the du Pont thesis, "Agriculture is the one occupation which cannot be over-manned. Where there is land, men can produce what they need for the life of their bodies. Where men can help each other—exchange services—so much more can be produced that some men can be free to engage in other occupations, such as carpentry, making clothing, etc. This can only be done when enough are engaged in agriculture to feed those who pursue non-agricultural occupations."

* The latter essay was the source of the former; it was Mr. du Pont's last study. The former consists of extracts from the critique, made with the author's consent, and sent in February, 1942, by The Benjamin Franklin Research Society, of which the writer is secretary, to five hundred leading business men.

Mr. du Pont held that "the abolition of poverty and the wealth and greatness of our nation depend upon the free availability of agricultural land and not upon anything else." When accessibility is denied or restricted, "instead of the natural advantages making for easier living and self-supporting homesteads, what happens is that all these advantages give value to land, which is then held out of use in hope of a greater value. This baneful disease of civilization is referred to as 'an investment,' and thrifty persons are encouraged to 'invest' their savings in land, not for homes or farms, but to get a hoped-for enhancement in value."

In Mr. du Pont's view, "The whole question of cities should be left out of consideration. Land values in cities are no part of the social problem. They are mainly only an index of the crowding which results from the artificial scarcity of farm land. I do not mean that cities should be carefully preserved as havens for speculators in land, but only that they are not the province of the reformer. Everything connected with cities will take care of itself, or rather will be adequately managed by persons who never think of the social problem."

To correct the evils inherent in land speculation, "All that would be necessary would be to **destroy the hope of profit in holding land.** Farms and farming communities would then grow rapidly and would draw the unemployed away from the cities and make them self-respecting and loyal citizens. The increasing demand of these people for things other than the product of farms would usher in the **greatest industrial age the world has ever seen.**"

To attain the desired end, this scientist, financier and economist proposed that "laws be passed forbidding any owner of land, who became an owner after the laws were passed, to sell land at a higher price than

that paid. Improvements could be sold at cost to replace, less depreciation. As to present owners, let each of them name a price which he will accept in case he sells. Let him put this as high as he wishes and do not permit the price he names to be used in any way as a basis for taxation. If he sells at a lower price, then this will bind the new owner as the latter's maximum. Let there be no restrictions upon the amount of rent an owner may ask from a user. Permit no lowering of the scale of taxation now falling upon land."

Concerning the advantages which would result from the application of his proposal to bring idle and inadequately used farm lands into production, Mr. du Pont wrote as follows: "The development of electrification, road building and other services so necessary to improve the lot of the farmer will proceed naturally, and, where land conditions are approximately the same, will radiate out from centers where these services are available. Costs to all concerned will be reduced as the necessity for passing unused farm lands with expensive roads, power lines, pipe lines, etc., to reach scattered users, will disappear, and a closely built-up, well served farming section will take its place."

The only ones who would be adversely affected by the du Pont plan would be "the land owners who refuse to cooperate, try to hold more land than they can use, or stand in the way by asking an excessive price or rent based on anticipated profit."

In the du Pont analysis, "Social unrest and present day trends toward socialism and communism (exercises in futility, as all history proves) spring from that which is not produced at all rather than from 'unequal distribution,' as claimed by demagogues and scheming politicians. The total amount which owners of land receive, over expenses and taxes, is relatively small, and were it divided among the popula-

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tion, the amount per capita would not be enough to raise their status appreciably. In other words, the implication (erroneously) has been that the loss to society due to our business and land system is equal to the gain by land owners, business men and industrialists.

"In reality, this devastating loss to society and seat of our present trouble is not what the land owners and business men get, but that which, by reason of the nullification of the law of increasing returns, is not produced at all. With what I call the "Physiocratic" principle unhampered, so much could and would be produced that poverty would be impossible. The unleashing of this powerful force for good is therefore an essential part of this proposal. The great land reformer, Henry George (and present day idealists), have failed to make this clear, although George undoubtedly understood it. In failing to make this clear, George unconsciously allied with himself many who are actuated mainly by envy and jealousy of those who are successful.

"In saying this I must not be understood as referring to the Single Tax fraternity—those who, for true

patriotism and love of their fellow-men, have recognized George's work as the best analysis of the social problem which has yet appeared."

Mr. du Pont was careful, however, to point out that "It is not my desire to pick flaws in the reasoning of the great writer, George, but only to indicate how it seems to me the work which he began over sixty years ago can be advanced toward making our nation the strongest and wealthiest of all, and the shining example to other nations. To do this, the errors which I think have prevented the recognition of his great ideas must be pointed out as well as the brilliant possibilities which he saw so clearly."

Francis I du Pont was born in Wilmington, Delaware in 1873, the son of Francis Gurney du Pont and the former Elise Wigfall Simons, of Charleston, S. C. His famous ancestor, Pierre Samuel du Pont de Nemours, was one of the little group to whom Henry George dedicated "Protection Of Free Trade" in the following words:

"To the memory of those illustrious Frenchmen of a century ago, Quesney, Turgot, Mirabeau, Condorcet, du Pont, and their fellows, who

in the night of despotism foresaw the glories of a coming day."

This elder du Pont, by the way, came through the shadow of the guillotine, being saved only by the death of Robespierre. When his house was destroyed by a mob in 1779, he came to the United States. Thomas Jefferson asked him to prepare a scheme of national education, which he did in 1800. His son, Eleuthere (from the Greek, meaning liberty or freedom), founded the powder mill at Wilmington which under his name—E. I. du Pont de Nemours & Co.—has grown to be one of the greatest industrial organizations in the world.

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With such a background, it is not surprising that Francis I. du Pont became a student of Henry George, though Georgists will regret that he, like his famous ancestor—though with less excuse since, in the earlier day, the agricultural economy was all but universal—failed to grasp the solution of the problem of poverty amidst plenty in its entirety.

The Editors.