

## The Irish Connection

Francis Y. Edgeworth anticipated Ely on “ripening costs”. He wrote that land taxes would “force the market”. He has a strangely repugnant way of putting it: “In fine, the interest of monopolists is not always contrary to that of their customers” (1906: 73). It makes one wonder what else he is trying to rationalize.

Edgeworth correctly observes that taxing land would weaken the credit rating of landowners. He leaves out the counterpart, that untaxing buildings would strengthen the credit rating of builders. Still, we are in his debt for at least introducing the topic of credit rationing. Otherwise, NCE proceeds as though credit markets are pluperfect, and the highest bidder for land is necessarily the highest and best user. I have treated this point in a companion volume in this CIT series (Gaffney, 1994) and elsewhere (Gaffney, 1973, 1993b).

Edgeworth also thought that land taxes would bite into building profits. It is hard to imagine they would do so more than the alternative of taxing buildings themselves, so his point is obscure, and seems like simple carping. Demonstrably, if land or any other taxes did bite into building profits, the effect would be to defer building, which his first argument posits as a desired outcome. The impression is that nothing would please him because he has some unstated reservation.

One can guess what that reservation might be. Edgeworth was from a family of the “Protestant Ascendancy” in Ireland, Irish landlords, a long line of them reaching back 300 years. They owned Edgeworthtown, which he would inherit and own as an Irish absentee landlord. He was also teaching at Oxford, another great absentee landlord. He was not unaware

of the faults of his class - his Aunt Maria, author of *Castle Rackrent*, must have raised his consciousness. That is a far cry from relishing drastic reforms imposed by the state - not even Tia Maria was ready for that.

Henry George had risen from obscurity by attacking absentee landlords generically, and Irish landlords specifically (Douglas, 1976: 15-59; Barker, 1955: 335-72). His 1881 tract on *The Irish land Question* (later retitled *The land Question*) is what had sparked initial interest in the more heavyweight *Progress and Poverty*. He was intimately involved in Irish politics, after travelling as a journalist to Ireland to report for *The Irish World* of New York, serving a New York clientele of Irish *émigrés*. These were people who remembered that the Edgeworths and their kind had evicted them from their ancestral land.<sup>56</sup> His wife was Irish; his fellow California land-reformer and employer, James McClatchy of the *Sacramento Bee*, was Irish.

These Irish did not take kindly to economists who told them the usurpers had really created The Emerald Isle. In the NCE cant, this land had been produced by landlords, who were just "supplying" their native land to the Irish renters, and sparing them from having to bear the financial burdens of ownership. That was a hard story to sell in Ireland, or the slums of New York City, in the 1880s. As newcomers, outsiders, common laborers, and the poorest voting whites of 19th Century America, the Irish were George's natural ethnic constituency.

They also supported the revolutionary Fenian movement, as it was then called. They sent their contributions back to Ireland to help roust landlords like the Edgeworths, an irritating skill the Irish developed to a high art. In Ireland, George the reporter also made news, supporting the radical activist Michael Davitt against the temporizing Charles Stewart Parnell (Barker, 1955: 341-56). In propertied England then that was something like preaching abolition in ante-bellum Alabama.

Into this powderkeg, George dropped an incendiary note: "It is hard not to feel some contempt for a people so oppressed (as the Irish) who have only occasionally murdered a landlord". It was the harshest, most provocative, impolitic thing he ever wrote. I do not cite it to praise nor blame, but to establish motive. It was only a rhetorical flourish, journalistic hyperbole probably aimed to stir up the passive Parnell. Nevertheless, there it stood on the printed page, seeming to declare open season on Irish landlords like the

Edgeworths. It would have been only human for F. Y. Edgeworth to notice, resent, and fear. It gave him all the motive one would need to undercut George.

This line of causation is consistent with Edgeworth's otherwise inexplicably fierce attack on the mathematics of J.E. Cairnes. Cairnes' book, *The Slave Power* (1862), had played an important role in swinging English opinion against slaveowners, with whom Irish landlords had much in common, during the American Civil War. Cairnes had written of England itself, "The large additions to the wealth of the country have gone neither to profits nor to wages, ...but to swell ... the rent roll ..." (cit. Miller, 1917: 200). More recently, Cairnes' offense was to have written several articles favoring rent control in Ireland. Cairnes had used his authority as a political economist to assert this was compatible with classical rent theory.

With the best will in the world, it would have been hard for a person with Edgeworth's pedigree not to absorb a trace of class and ethnic bias. That would help explain his title: "Recent *schemes* for rating land values". "Scheme" is not a friendly term; "plan" or "proposal" would sound less prejudicial. Edgeworth's bias took the form of eugenics. There are individual differences in the capacity for pleasure, he wrote. He seems to suggest, in his cryptic, elusive way, that human creatures higher on the evolutionary scale (the Edgeworths?) have a higher capacity for pleasure than those below them (Irish tenants?), so that social welfare is maximized when wealth is unequally distributed, pretty much the way it already is.<sup>57</sup>

Quite apart from Irish affairs, T.W. Hutchison (1953: 118-19) has suggested that Edgeworth kept J.A. Hobson from teaching at London, and Hobson attributed it to class bias. Hobson was not a Georgist, but a radical who did pen what Barker calls a "famous appreciation" of George (Barker, 1955: 414-16, 665; Hobson, 1897). This was published after one attack by Edgeworth (1890), and before another (1904). I have no conclusive proof on which to base a firm opinion of the exclusion of Hobson by Edgeworth. Edgeworth's defenders say that either it did not happen, or it was justified because Hobson made an error in calculus (Newman, 1987: 89). Considering that neither Marshall, J.B. Clark, nor Seligman used calculus at all, that would suggest a selective use of technicalities for screening people. Modern academicians are not unschooled in that device.

Edgeworth was a "toolmaker" and model-builder. He was a painfully obscure, opaque writer, little understood by his contemporaries. In most substantive matters he followed Marshall who, as we have seen, was more fair to George than other NCE founders, but who couldn't understand Edgeworth either. In the current toolmaking, model-building era, however, painful obscurity and opacity are at a premium and Edgeworth enjoys a great new vogue. Here is his view of things:

Imagine a material Cosmos, a mechanism as composite as possible, and perplexed with all manner of wheels, pistons, parts, connections, and whose mazy complexity might far transcend in its entanglements the webs of thought and wiles of passion; nevertheless, if any given impulses be imparted ... each part of the great whole will move off with a velocity such that the energy of the whole may be the greatest possible (1881: 9).

He was, one might say, like a kid with a new toy. Apparently his toy-building technique was excellent. More apposite for us, the subjects that engaged him, and the attitudes he took, are quite congenial to modern "techie" economists. Much of what seems "new" in the last twenty years of grown-up kids playing with toy models is still basic NCE from the 1880s, expressed in less comprehensible forms.

In *Mathematical Psychics* (1881) Edgeworth introduced what is now universally called "Pareto Optimality". The idea is that you cannot measure quantities of welfare, or make interpersonal comparisons of welfare. You can only be sure that welfare rises in the course of voluntary exchanges when at least one person is, and usually two persons are better off, and no one is worse off.

The policy implications are immediate, drastic, highly conventional, and very safe for those who stand to inherit land and private incomes. To begin, all existing entitlements to property, whatever their origins, should be firmed up and frozen. The process has to start somewhere, and any change in the existing entitlements would only delay progress in the orderly march of exchanges leading toward higher welfare. This idea remains central to Chicago School thinking: the economy should "maximize utility subject to the constraints of market prices and *endowments of wealth*" (Reder, 1987: 415). By 1985, "these views and their extensions have become mainstream economics, ..." (Reder, 1985: 417). "The rise in influence of the Coase

Theorem at Chicago has more or less paralleled a decline in the marked concern with income distribution that existed in ... the work of Henry Simons" (Reder, 1987: 417).

All property should be clearly defined and fully alienable, with no strings attached. A series of exchanges, each of them being what is now called a "win-win" solution, must lead always in the direction of greater general welfare. All Robin Hood schemes, based on folk wisdom and Jeffersonian values, like that cited above from Charles Spahr, are without scientific basis, and can only delay progress.

It speaks volumes for modern economists that they have reshaped their discipline around those values. The operational part, of course, is what you do first: firm up and freeze existing entitlements. The rest is mostly moonshine, a promise made to be broken. In practice, "firming up" means wiping out traditional servitudes to the public, so that every "win-win" solution is really a "win-win-lose" solution, with the general public the loser, uncompensated. NCEists often point out how land values are the product of capital in the form of public works. This is all forgotten, however, when land is sold, and this sale is presumed to firm up forever a permanent public obligation to continue servicing and replacing those works. An example is the recent move to convert private contracts to get federally subsidized water in California into perpetual private property, salable to the highest bidder with subsidies permanently attached. NCEists pushing for this overlook that tapping the Treasury, and grabbing water from the public domain, deprive others (Gaffney, 1992, 1993c, criticizing proposals of Richard Wahl, Zach Willey, Sotirios Angelides, Eugene Bardach, and others).

In 1879, the year George published *Progress and Poverty*, Edgeworth was thinking thoughts like these.

But Equality is not the whole of distributive justice ... in the minds of many good men among the moderns and the wisest of the ancients, there appears a deeper sentiment in favour of aristocratical privilege - the privilege of man above brute, of civilised above savage, of birth, of talent, and of the male sex. The sentiment of right has a ground of utilitarianism in supposed differences of *capacity* (Edgeworth 1879: 77, cited in Newman, 1987).

Peter Newman, who cites the above, doubts that Edgeworth was wholly

given to such dark views. They were, however, an important part of his complex nature.