

Theory and Its Importance

ADDRESS OF C. LEBARON GOELLER AT THE
HENRY GEORGE CONGRESS, SEPT. 14. 1927

AT this convention you have heard considerable concerning the mechanism of Single Tax, and also a little of the moral side of the movement. I shall therefore treat it from a little different angle, one might say the Huxley side, or the anatomy—the skeleton—of the movement.

The Single Tax is such an eminently practical proposition that there is some danger of us becoming "merely" practical, thus tending to forget the principles on which it is founded. It is because of this danger of "mere practicality" that I have chosen to speak of "Theory" and its relation to science in general, and to the Single Tax movement.

I invite your attention to some extracts from a book well suited to be placed alongside of "Progress and Poverty" on your bookshelf—"An Introduction to Mathematics," by A. N. Whitehead, now of Harvard University. This is a good book on science and philosophy and the thought is very much to the point.

"From the earliest epoch (2634 B. C.) the Chinese had utilized the property of the compass needle, but do not seem to have connected it with any theoretical ideas. The really profound changes in human life all have their ultimate origin in knowledge pursued for its own sake. The use of the compass was not introduced into Europe till the end of the twelfth century A.D., more than 3000 years after its first use in China. The importance which the science of electromagnetism has since assumed in every department of human life is not due to the superior practical bias of Europeans, but to the fact that in the West electrical and magnetic phenomena were studied by men who were dominated by abstract theoretic interests." . . . Michael Faraday was asked: "What is the use of this discovery?" He answered: "What is the use of a child—it grows to be a man."

Mr. Whitehead then goes on to tell how Archimedes discovered what is known as Specific Gravity. He was told to find out whether the king's crown was of pure gold or whether it had been debased with some alloy. He took a bath one day while this problem was in his mind, and in his day-dream he invented mathematical physics. He jumped out of the tub and ran through the streets of Syracuse shouting "Eureka! Eureka!" (I have found it). His genius showed him that "a body when immersed in water is pressed upward by the surrounding water with a resultant force equal to the weight of the water it displaces." Then we read further:

"The death of Archimedes by the hands of a Roman soldier is symbolical of a world-change of the first magnitude: The theoretical Greeks, with their love of abstract science, were superseded in the leadership of the European

world by the practical Romans. Lord Beaconsfield, in one of his novels, has defined a practical man as a man who practices the errors of his forefathers. The Romans were a great race, but they were cursed with the sterility that waits upon practicality. They did not improve upon the knowledge of their forefathers, and all their advances were confined to the minor technical details of engineering. They were not dreamers to arrive at new points of view, which could give a more fundamental control over the forces of nature. No Roman lost his life because he was absorbed in the contemplation of a mathematical diagram."

Also:

"No more impressive warning can be given to those who would confine knowledge and research to what is apparently useful, than the reflection that conic sections were studied for eighteen hundred years merely as an abstract science without a thought of any utility other than to satisfy the craving for knowledge on the part of mathematicians, and that then at the end of that long period of abstract study, they were found to be the necessary key with which to attain the knowledge of one of the the most important laws of nature,—namely the law of gravity."

And:

"It is no paradox to say that in our most theoretical moods we may be nearest to our most practical applications."

Now just a short extract from a book on chemistry to show something of the methods of working in science—and I use this largely because of its poetic and dreamland nature:

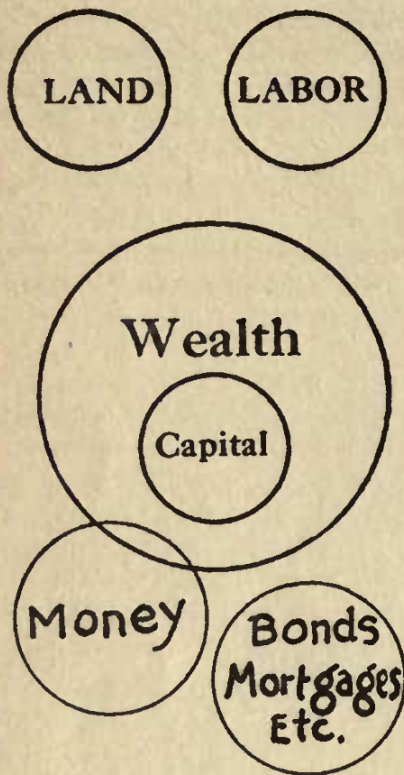
"The chemist can work better if he has a picture of what he is working with Now one of the men who worried over this benzol puzzle was the German chemist, Kekulé. One evening after working over the problem all day he was sitting by the fire trying to rest, but he could not throw it off his mind. The carbon and the hydrogen atoms danced like imps on the carpet and as he watched them through his half closed eyes he suddenly saw that the chain of six carbon atoms had joined at the ends and formed a ring while six hydrogen atoms were holding on to the outside hands. . . . Professor Kekulé saw at once that the demons of his subconscious self had furnished him with a clue to the labyrinth, and so it proved. We need not suppose that the benzol (or benzene) molecule if we could see it would look anything like the diagram of it, but the theory works and that is all that the scientist asks of any theory."*

Now the point I want to emphasize is this, that the methods of such sciences as chemistry and mathematics are legitimate methods for us to use in the science of Politi-

*Creative Chemistry, by Edwin E. Slosson, pp. 65-7. Pub. The Century Co. 1920. See also Sir Oliver Lodge, Reason and Belief, Part 3, Chapter 2.

cal Economy. If the picture method, the use of diagrams, can aid the Chemist and the Mathematician it can also be made to aid us in Single Tax, which is the daughter of Political Economy.

Following this lead I submit these circle diagrams (No. 1.) Here we have in half a dozen words Chapter 2 of Book 1 of "Progress and Poverty." And we can call this the parting of the ways between Socialism and Single Tax. Our first difference with the Socialist is on the meanings of the words employed in the argument, and naturally we differ more and more in the conclusions. As Henry George said: "The swifter a runner who once misses his way the further he leaves it behind."

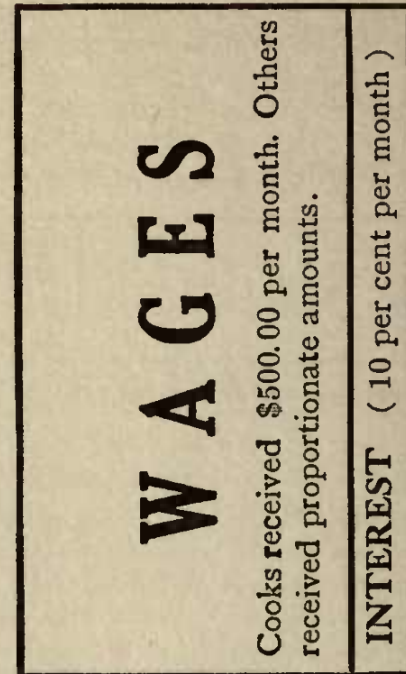


No. 1

One circle includes all land—the natural universe outside of man himself; the next circle includes all human exertion: the larger circle below includes all wealth—all substances that have been modified by human exertion to fit them for the gratification of human desire: the circle wholly included within the circle 'wealth' is capital which is wealth devoted to the production of more wealth: the circle lapping onto the 'wealth' circle is money. This diagram therefore shows us instantly and with absolute certainty that land is not wealth: labor is not wealth; your education is not wealth nor its return interest: all capital is wealth, but all wealth is not capital: no money is capital; paper money is not wealth (except possibly to the value of about 25¢ per hundred pounds as old paper); metal money is wealth, according to its intrinsic value, but as metal, not money.

The rectangle diagrams show the distribution, or better, the division of wealth as produced by labor using capital on land.

The first rectangle marked No. 2 shows the distribution of wealth where land was free from private monopoly. When gold was discovered in California in '49 the miners staked free land and paid no tribute to landlords. Therefore all that they produced was merely wages and interest. There was no rent in those days. There was no exchange value to land since a man could only have



Charles LeBaron Goeller, 1916.

California in '49.

No. 2

a "claim" which he must work. And to quote Henry George: "It is (the) capacity of yielding rent which gives value to land. Until its ownership will confer some advantage, land has no value."*

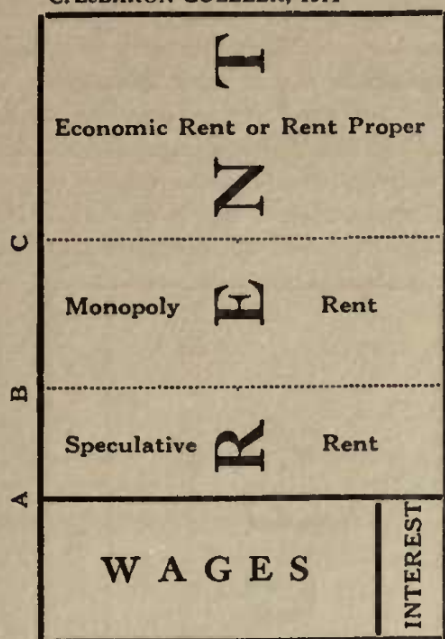
Diagram No. 3 shows the distribution or division of wealth under the present economic regime where land is treated as private property (like wealth) and there is an economic value to land, and land is monopolized, and people speculate in prospective increase in the value of land. The main thing I wish to point out with this diagram is the three forms of rent, for here there is considerable confusion. One form of rent, that termed economic rent is true rent, but the other forms of rent are pseudo rent or false rent. Monopoly rent arises through the monopoly of land and may exist where there is no economic or true rent, and speculative rent arises from the speculation in the probable increase in land values in the future.

This diagram also shows a fall-down in Socialistic theory. Monopoly rent and speculative rent are a rob-

*Progress and Poverty, Bk. 3, Chap. 2, par. 3.

The Distribution of Wealth

C. LeBARON GOELLER, 1911

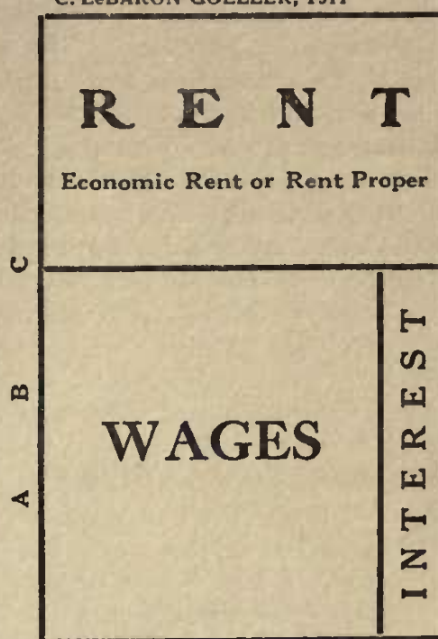


Under present economic regime

No. 3

The Distribution of Wealth

C. LeBARON GOELLER, 1911



Under Single Tax System

No. 4

bery of labor. Under natural conditions, or as we would say, under the Single Tax system, what now goes to land-owners as monopoly and speculative rent would go to the workers as wages (salary, etc., etc.) Karl Marx clearly saw that labor was being robbed. Every socialist sees that. But the place where Marx fell down, intelligent man though he was—we do not discount his intelligence—was that he was not a truly scientific man, and while he saw a plain phenomenon he could not properly place it or classify it. And in science it is not enough to see a thing, or call it by a name—"Surplus produce"—but that phenomenon of nature must be properly classified in order to arrive at the truth. Henry George therefore owes his superiority over Marx to the fact that he, acting with the instinct of the true scientist, properly classified this "Surplus Product," this wealth of which labor is being robbed every minute of the day, as RENT—Monopoly and Speculative rent. And when the land-owner receives any of the economic rent, that constitutes a robbery of the State, or the people as a body. And then we tax labor and the products of labor to run the State.

The last diagram, No. 4, shows the distribution of wealth under the natural order, or more familiarly, under Single Tax. Since there could be no monopoly of land there could be no Monopoly Rent, and necessarily there could be no speculation in rent. Economic rent would be collected from land users to defray the cost of government.

Between the last two diagrams it is worth while to note that as Monopoly and Speculative rent disappeared to reappear as wages, true or Economic rent could rise with

the decrease of rent as a whole, making the strange anomaly of a rise and fall of rent at the same time—the answer being that the rent that fell and disappeared was a pseudo rent and was the wages of which the workers had been defrauded.

Here is the place where Thomas G. Shearman fell down and considerably weakened our argument. And if such a writer fell, who of us may not stumble? But Mr. Shearman was a lawyer and not a scientist—explanation enough. Mr. Shearman said that rent (meaning the total rent of diagram 3) was so enormous that it would be vastly more than the State could use. He estimated that approximately only half of this (total) rent would be needed to run the government. Therefore he concluded that the other half would remain in the hands of the land owners and the latter would not be so hard hit as is ordinarily expressed by Single Taxers. But since the ultimate goal of the Single Tax system is to raise wages to the full earnings of the workers no such argument to the workers could be very effective. How, under his argument could we promise the worker that we would double, or treble, or quadruple his wages?* Here is merely an illustration of the fact that "The chemist (or other scientist) can work better if he has a picture of what he is working with." I maintain that every last cent of ground rent should be taken by the community because the community made it and it belongs to the community. But we say that we will leave a percentage in the landlord's hands so that he will in truth be the ground-rent tax collector. There-

*Progress and Poverty Bk. 3, Chap. 3, Par. 3.

fore, it will readily be seen that what is left in his hands immediately becomes wages for collecting the ground-rent along with the house-rent which is truly only interest. The category is changed instantly and all of the ground rent is collected by the community.

No wonder the chemist and the mathematician, and the architect and the astronomer like diagrams.

I shall briefly recount a little story that vividly illustrates the relation that theory bears to practice. I read the story while I was quite young partly because I was intensely interested in astronomy, and later because it well illustrated "useless study." The story is "Thornton's Useless Study."*

Thornton Seabury was a lad of about eighteen years who had become a very competent astronomer and mathematician simply because he had a great liking for the subjects. His father suddenly lost his job in the village where they lived on the seashore in the State of Maine. The father finally secured a job in New York City but the cost of moving would have been a staggering blow to his finances. It happened that a friend, the captain of a small schooner was about to depart for New York in ballast, so he offered Mr. Seabury the cheapest kind of transportation, charging only for the meals. The first night out the captain came on deck with his sextant when young Thornton asked him if he was going to take Jupiter for latitude. The captain was more than surprised at the boy and asked him what he knew about such things and the boy replied that he knew that Jupiter would be on the meridian at 8.32 that night. The captain had been told of Thornton's useless study but began to think it was not quite so useless as it seemed. Later the next day Thornton told his mother that a storm was coming. His mother replied that the Captain had not said so. Thornton replied that he had been watching the barometer and it had been falling rapidly. The wind had veered from west to south-east. Then the captain shortened sail and changed his course to the eastward to avoid being blown onto a lee shore. The storm came on with great fury and drove the schooner before the wind the rest of the day and all night. That night at the height of the storm a block fell from the rigging severely injuring the captain who was brought to the cabin unconscious. The sailors continued to fight the storm and safely pulled through till the storm broke next morning.

Then the mate approached Mr. Seabury and declared that he didn't know what to do since the captain was out of commission. He said that he could sail the boat all right but he didn't know which way to sail—he could sail but he could not navigate the boat. Then Thornton asked permission to speak and told them that while he could not sail the boat, in fact didn't know one sail from the other, he could navigate the boat into New York harbor. The captain had regained consciousness so the

problem was taken to him. He asked the boy what he proposed to do. He replied that he would find the schooner's position by astronomical cross-bearings,—Sumner's method,—and the captain declared that the boy knew more about navigation than he did. Thornton ordered the boat hove to for two hours and took his sightings with the sextant. Then he worked out his problem which was merely applied astronomy. The captain agreed that his reckoning was likely right and then pointed out the dangerous reef and shoals and indicated the course on the chart. Then Thornton went on deck and told the mate which way to steer. The sailors couldn't figure out how a boy who was not even a sailor could navigate a ship but the reckoning proved true and the boat entered New York Harbor after three days.

The analogy here given is, I think, fairly clear. The schooner is the Ship of State. The sailors are the politicians. The boy astronomer is the political economist. The navigator is the Single Taxer.

The Ship of State is managed by politicians. They are fairly efficient as far as manipulation of men and money goes. The men of both the Republican and Democratic parties are shrewd in getting votes and mere management of mundane affairs. But the politicians don't know the first thing about navigating the Ship of State, and we are safe in saying that if these shrewd politicians don't soon learn something about navigating the various Ships, in Europe as well as America, there are going to be some wrecks piled up. Several of the Ships went through a hurricane from 1914 to 1918 and all history testifies that there wasn't a competent navigator (statesman) among them. People may wonder how a boy, as the story went, could dictate to the sailors how to navigate and save the ship. People may wonder how a Political Economist like Henry George can dictate to politicians like McKinley, or Roosevelt, Wilson, Harding or Coolidge. People have failed to realize that the politicians don't know the first thing about navigating the Ship of State—they only know how to sail her.

Political Economy is to the social life of mankind what Astronomy is to the maritime world. What we call Single Tax is but applied Political Economy and is by analogy, the art of navigation for the Ship of State.

As the hope of the ocean greyhound lies in the knowledge gained first in astronomy and then applied in navigation, so the hope of the Ship of State lies in the knowledge of the science of Political Economy applied in the manner termed Single Tax.

Truly may it be said that "in our most theoretical moods we may be nearest to our most practical applications."

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*Harper's Round Table, 1895, p. 572.