

An essential and enduring gift: Henry George's legacy in economic thought

Dr Alexandra Hardie reviews a book which maps out how the thinkers who came after George developed his ideas

This overview of Henry George's significant contribution to modern economics is in the form of eleven essays, each dealing with a particular aspect of the topic. The book is divided into three parts: historical background, theoretical issues and current debates.

Of the contributors - twelve members of faculty of economics departments around the world - seven are based in Australia. Compared with England, Scotland or Ireland - countries that Henry George visited several times, giving numerous speeches, yet having little immediate or lasting impact on policy - in Australia, the georgist message was accepted early on, and stuck.

The book's editor John Laurent describes how Henry George and his Australian-born wife, Annie, were warmly received in Australia on a lecture tour in 1890. Many leading Australians at the time were influenced by George's views, which chimed with national economic concerns - such as the need for agricultural efficiency. Land value taxes based on what George advocated were introduced in Australia. Up until 1952 such taxes were charged at all federal, state and local levels. However, the rates at which they were charged were relatively low.

The last chapter of the book, by Philip D Day, reviews the current situation in Australia and shows how, even now, the Australian tax system is influenced by georgist views. He remarks, however, that this fact is not well known. Day reflects on the problem which faces anyone who has been persuaded of georgist views. "For reformers," he says, "the essential practical target is the pervasive mindset, inadequately confronted by the Georgist movement, which so obdurately resists implementation of the logically irrefutable."

In the historical part of the book, Erin McLaughlin-Jenkins discusses the person of one particularly obdurate opponent of Henry George - Thomas Henry Huxley, 'Darwin's Dragon'. John Laurent shows how Henry George's ideas were influenced by the evolutionary theories of his times. These theories, with their emphasis on the struggle

for survival, had been inspired by the writings of Malthus. George, however, did not agree with Malthus over his concern about the limits of human population. George argued that human beings could use their intelligence to produce as much food as was needed.

Lawrence S Moss's examination of the 'Henry George Theorem' will repay careful reading. The Theorem was the work not of Henry George but of academic economists, from the 1970s onwards, who were influenced by georgist ideas. The Theorem shows how,

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to put it simply, given a suitable land value tax, infrastructure improvements can be paid for out of the enhanced land values that arise directly from those improvements.

The chapter by Terry Dwyer also considers infrastructure investment. It shows how georgist ideas can be used to counter the view, widely held at the present time, that the privatisation of natural monopolies is justifiable, even in the absence of firm regulation. Dwyer shows how the private sector can be encouraged to provide infrastructure even if it does not enjoy monopoly benefits.

What land ownership would mean if land values were to be taxed is dealt with by John Pullen: in effect, he argues, the result would

be a kind of restricted ownership. Elsewhere Pullen sets out how to deal with objections to land value taxation. For instance, the problem of the 'land-rich-and-income-poor', which he deals with, is nearly always raised in any discussion of georgist ideas. (One might imagine that all land is owned by poverty-stricken elderly widows!) His subject is well-worth the attention he gives it.

Those two contributions by John Pullen are particularly useful.

The breadth of coverage in this book is impressive. It ranges from a chapter by Rob Knowles on Leo Tolstoy's response to the writings of Henry George; through a chapter by Frank Stilwell and Kirrily Jordan on land taxes in Australia (which provides fascinating statistics on land values and on revenues from land taxes); to an equally interesting chapter (particularly from this reviewer's Scottish viewpoint) by Warren J Samuels, Kirk D Johnson and Marianne E Johnson, on the response by the Duke of Argyll to the arguments of Henry George.

A useful feature of this book is the provision of extensive bibliographies by the authors. Even someone well versed in this literature will find useful the lists provided here of material published on georgist themes.

John Laurent and his contributors have chartered the essential and enduring gift that is Henry George's legacy in economic thought. **L&L**

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