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The Message Of Henry George

What was it that Henry George wrote that moved so many people to join the promised land of these intentional utopian communities? George's message was one of hope, new possibilities, and dire warnings. It was a theory that reconciled what appear, to conventional thinkers then and now, to be irreconcilable truths. In the brief description that follows, I take the liberty of departing slightly from George's terminology in order to place the theory contained in *Progress and Poverty* clearly in the language of our time.

When the state enacts rules that permit one person, or group of people, to do what others are not permitted to do, it creates a *privilege*. Some examples of privilege are: 1) allowing only one company to use a given broadcast frequency, 2) The exclusive right to use a portion of the earth's surface, or 3) Only licensed people may practice a given profession or trade. Privileges are created in order to advance civilization, and indeed most significant *progress* would not be possible if the state did not create privileges. No one would invest the effort and equipment to operate a radio or television station if anyone else were permitted to interfere with the signal. No one would construct a home or commercial building, or raise a crop, if they did not have the security of knowing that others could not take what they had produced. Many specialized professions such as engineering, medicine, or mass transportation require a level of trust that may be enhanced by the creation of a privilege that makes damaging fraudulent or incompetent practice less likely. Each privilege, while beneficial to the creation of wealth, reduces the freedom of everyone else in some degree.

Privileges are almost always justified by the fact that they promote a more intense level of productivity. They tend to make society richer by creating the possibility of more intense use of natural resources or acquired knowledge. But privileges, as we presently maintain them, do something else too. Although they create the possibility of a richer society, they also guarantee that the additional riches will be shared in a very unequal way and the inequality has nothing to do with how productive any one person might be. By creating privilege *and not requiring the privilege-holder to remit ongoing compensation for their privilege*, the state assumes an active role in the distribution of wealth.

When people today commonly speak about the state altering the distribution of wealth, it is usually through taxes on "wealthier" people to pay for services for "poorer" people. One of George's essential insights was noting that when the state creates privileges, *and also refrains* from demanding a reciprocal annual payment, the state likewise assigns a greater portion of the product of society to the few who hold the valuable privileges. According to George privileges are necessary for *progress*, but without an ongoing compensating payment, *poverty* for many will persist despite the increase in overall wealth. Without ongoing compensation for privilege the state rigs the game in favor of the privileged few.

George's insight didn't stop there. He was a passionate advocate for free markets and advocated the end of taxation on productive activities, which is to say taxes on labor and man-made capital. George recognized that such taxes weren't just unpleasant to pay, but also tended to make society less wealthy than it would be without them. By responding to taxes on production people often do things that improve their own situation, although those actions may make society as a whole less wealthy. Examples of this principle are: 1) A tax on labor might induce people to work less simply because the last bit of work they wanted to do was no longer worth the bother to them, or 2) The owner of a barely-productive building might tear the building down if he had to pay a tax on the structure. In each of these cases the individual regards themselves as being better off for their actions, although clearly society as a whole is less wealthy because of these perfectly rational personal decisions.

George's proposal was that we would be much better off as a society if we phased out taxes that fall on productive activities, while simultaneously collecting the value of state-created privileges. George's proposal shifts the entire conversation surrounding government revenue, and indeed the very role of government. Government must charge the holders of privilege an annual fee, not for any particular public benefit to be had from the spending of the money, but as a means of restoring equality among the citizens, where it had already created inequality through privilege. Under George's plan the government would provide needed services, but any excess over what was needed to provide those services would be rebated back to the citizens equally. The most important purpose of government revenue collection was to restore equality between those who enjoyed privilege and those who did not.

The Georgist proposition came to be known as the "Single Tax" because of the aspect of it that calls for replacing various taxes on industry with a single source of public revenue from land, which was carefully defined as meaning all privileges in natural resource use. George never really liked the name *Single Tax* because it implied much less than he was proposing, which was a complete rearrangement of social-economic relationships. The fiscal adjustments were just the mechanism for promoting equality of opportunity.

George's proposal is one of the most intense advocacies for economic freedom ever written, *but subject to the equal freedom of all*. Most people would accept the basic fairness of the following propositions individually and as theoretical notions:

1. We all have an equal natural right to be here on our planet and to enjoy its many benefits and treasures.
2. Individuals have a natural right to own what they create; to the creator belongs the created.
3. Everyone has a natural right to do as they please subject to not inflicting harm on others.

George provided a theoretical plan for how we might actually have a society that reconciled these propositions. No society has ever implemented his plan, so it remains to be seen what would happen if it were ever put into practice.