

CHAPTER 21

CONCLUSION

After a long search backward into the history of the movement it should now be possible to discern why Henry George's proposal has attracted such an uncertain mixture of admiration and rejection. There is one major cause resulting from a chain of factors, all of which have been described and which will now be recapitulated.

The point of departure was George's overestimation of the role of land in determining economic affairs. Clearheaded and intrinsically sound, he did nevertheless have a slight vein of fanaticism which made him accord too supreme a priority to the land question. To be sure, in his day of an expanding frontier and the rapid exploitation of natural resources, there was ample reason to look upon land ownership as a potent economic factor. Yet there was something in his personal make-up that made him overrespond to this consideration, seeing it as the undeniable basis of economic life in all countries and at all times. There was always—except in some underdeveloped countries—more of a salutary competition among landholders than he indicated, and they did not constitute the impending bottleneck to good wages and employment that he portrayed. Though he admitted of many other sources of monopoly power, he wrote that no reforms in other directions would avail unless the land question were settled first.

This depiction of the economic structure was what John Hobson called George's "fallacy of the residual claimant"; what

others, including Georgists themselves, have dubbed "the all-devouring rent thesis".¹ A variant way of expressing this criticism—taken, among others, by many economics professors and a host of Socialists—was that George gave too little weight to the power of non-land monopolies. Many writers without specifically stating this objection have implied it by rejecting George's proposal as a remedy for the maldistribution of wealth.

Yet among those who have considered the thesis at all, there is a general concession that the unearned income from land is significant, and that it would be well if it could be publicly appropriated. So far the main criticism of George's theory would simply be that it embodied a disproportionate emphasis on Land.

The next factor in the chain of causes was a quality of George's personal temperament. He was by nature, and also by family background, peaceable and non-revolutionary. Though he was undauntedly outspoken in defining what seemed to him the greatest social evil, he wished economic change to be brought about with as little trauma as possible. "Great changes can best be brought about under old forms," he wrote.²

To accompany the public capture of land values with the abatement of other levies struck him as the least disruptive way of attaining land reform. Extending this concept to its full length, he arrived at the recommendation of a "single" tax, since removing *all* taxes would conduce to the largest possible amount of land-value appropriation.

"What I, therefore, propose," he said in his climactic *Progress and Poverty* statement, "as the simple yet sovereign remedy which will . . . abolish poverty . . . is to appropriate rent by taxation. . . . We may put the proposition into practical form by proposing—*To abolish all taxation save that upon land values.*"

No mention is made of all the other unearned privileges against which he had also often inveighed.

That he neglected to incorporate all these other inequities into his formula was, of course, no fortuitous oversight. It was the direct result of his tremendous preoccupation with land; it

was the "all-devouring rent thesis" from another angle. As *such, it would have been no more than an error of proportion, had he not made the appropriation of land values dependent upon tax removal.* Once this linkage was made, however, the whole proposal underwent a subtle but crucial transformation as to its direction. For beneath the plausible-sounding advocacy of "high taxes on land, as few as possible on production" lies a hidden knot of inconsistency when that "production" contains sources of unearned gain, apart from landowning, which it is the function of taxation to redistribute.

The great *Progress and Poverty* "remedy" thus did not embody George's total economic philosophy. It did not reflect his insight into the necessity of banning many privileges other than land-profiteering, nor his tolerance of various government controls, including some taxes, as long as these injustices should prevail. In his political activities he was instinctively aware of this unvoiced proviso, always taking the part of the workman rather than the businessman, opposing the free-market presidential candidate McKinley, advocating the public ownership of transportation and communications. But as far as his famous formula went and all his speeches supporting it, though it was essentially a liberal, anti-privilege proposal, its flaw of omission not only made his theory seem more simplistic than it actually was—alienating many economists—but paved the way for his followers to go in a conservative, anti-tax direction.

George was an author, an economist, a philosopher, a journalist, and his oratorical gifts fitted him to be a campaigner. But he couldn't be everything, and a political leader he was not. He was too prone to accept the support of any groups that sympathized with him on the land question, regardless of what their other goals might be. This, again, was because he saw private profit from land at the foundation of the economic structure, to which everything else must relate. If "all roads lead to Rome," it doesn't much matter which road one takes. And so he allied himself with people and movements with whom he had little in common save the land issue, confidently expecting

they would advance his solution of it, when in point of fact they did not.

When one surveys his life, this is a pattern one finds throughout. For instance, he thought that if land reform were urged in Ireland, it would take fire elsewhere; that if churchmen saw it as their duty to alleviate economic distress, they would favor the land tax; that the connection between fair wages and land reform was so close that to be a Labor candidate was to advance the latter cause too; that if free trade became a popular issue, it would prove an entering wedge for the land question.

None of these matters worked out as he thought they would. The Irish land question did not speed land reform elsewhere—much less George's version of it. Ministers have become more socially concerned—but not conscious of a land problem. George's Labor followers, once his campaigns were over, turned to unionism, not to land matters. As for free trade, which grew into a popular issue, no one (outside of Georgists) thinks of combining it with land reform: in fact, it is difficult to remember what the relationship is.

In all these connections, though George dwelt hopefully on what he and the respective group had in common, they inevitably contained elements not favorable to his cause. But the linkage above all others that was ultimately decisive for the movement was his association with Thomas Shearman and the businessmen who followed in his wake.

Once Shearman, with George's acquiescence, had named the movement "single tax," it appealed to people to whom the removal of taxation and government controls was just as important as the removal of the land privilege. In fact, in many quarters the tail of tax relief was wagging the dog of land reform.

It may seem unnecessary to make too much of Shearman's personal influence. If he had not existed, there might well have been someone else to act as catalyst for the anti-tax, business-minded supporters. Once George had joined tax relief to his land proposal, the movement was laid open to that. But by the laws of probability it is unlikely that anyone else would have hit upon a name as detrimental to a true understanding of George's theory as "the single tax."

Although there were progressive associates too, notably Tom Johnson and Louis Post, it was the Shearman school of thought that prevailed in the movement, certainly as far as legislative goals were concerned. The determinant in this situation was the character of the rank-and-file who, unversed in economics and attracted to George as a moral philosopher, found the simplistic balance of "all taxes on land, none on production" satisfying to their metaphysical bent.

Leaders then arose, such as Frank Chodorov, John Lincoln, Perry Prentice and very many others, who deepened this approach into a businessman's free-market ideology.

So imbued were they with the idea that the land tax must go in tandem with equal tax relief that they felt no enthusiasm for improving land conditions unless their desire for corresponding tax removal was also met. The taxation of natural resources was mostly ignored, and what was essentially the "single tax limited" became the movement's primary aim. Now called land value taxation or "LVT," it embodies Shearman's stipulation that no more revenue be collected from land than is abated from improvements, and carries with it some of the same connotation that it is not good for governments, especially the Federal government, to have too much money.

While it has some merits in itself, this property-tax reform cannot serve as an adequate outlet for George's message. It is not really targeted against poverty, but for greater production, chiefly of buildings. If one believes in the "filter down" theory of prosperity, one might argue that greater construction benefits everyone including the poor. This, however, was not George's reasoning: he was for the direct redistribution of profits from land into the public treasury. Since the treasury is now supported chiefly by the income tax—non-existent in his day—with property taxes accounting for but a small fraction of total revenue, to make restitution to property owners rather than to income earners expresses only the letter and not the spirit of his reform.

The procedure, moreover, is limited in its scope, leaving out of its orbit the whole great area of natural resources. While Georgists at times recognize the need for other types of land

reform, it is this urban tax-shift, and the emphasis on tax relief which goes with it, in which they have invested their efforts, their money and their philosophic faith.

By adopting the property tax shift as its major legislative goal, and making far too much of George's occasional anti-state cautions, his supporters have missed their rightful constituency among the opponents of unearned privilege. The single tax limited, which George thought of as a stepping-stone to his total proposal, is "limited" not only in scale but, more importantly, in its direction and relatively conservative philosophy. A maverick Georgist official said, confidentially, that this orientation had indeed been "the tragedy of the Henry George movement."

That George had an inkling that the movement tended in an inappropriate direction is shown by his observing at times that some single taxers were "anarchists," or that others compromised too much with business interests. But he didn't live long enough clearly to discern the gap that was growing between him and his followers. The first single tax campaign took place in 1896, and he died in 1897.

There are many chances for supporters of George's philosophy to join in land issues already in the civic consciousness if they would aim for the public appropriation of land value regardless of whether buildings were to be untaxed or not.

More land revenue could be raised by bringing tax assessments closer to market value; by charging higher royalties or giving fewer tax breaks to natural-resource developers; and by the various methods of capturing urban land values outlined in the previous chapter. As to where the extra money might go: the relief of payroll taxes, the financing of public works that create employment, and the reduction of the national deficit are all good possibilities.

In this book little has been said of underdeveloped countries since George's proposal was after all a tax suggestion, and these regions seem to alter land ownership by simple expropriation and redistribution. Yet they pose the land problem in its purest form, for here it is true that exploitative landlords do indeed

depress the wages of masses of people. Adherents to George's philosophy could join such international groups as may be trying to remedy this.

A final perspective from which George's vision has current significance concerns the *usages* of land. For the manner in which resources—air channels, oil, uranium—are utilized is greatly affected by their profitability to the companies handling them. If such profits were to be limited anyway, crucial decisions involving these resources would stand a greater chance of being made in a humanly beneficial way.

Besides devising fair methods of application, those interested in land-reform proposals could enrich their discussions of them with two cogent insights: awareness of the magnitude of the land question, and the apprehension of its moral dimension. They could bring out the ethical distinction between the values of land, wholly an unearned windfall from nature and social development, and the value of produced materials largely earned by their makers.

George was first and overwhelmingly an exponent of the injustice of private profit from land; after that, an opponent of all other unearned privileges.

"What more preposterous," he wrote in *Social Problems*, "than the treatment of land as individual property? . . . It exists, though generations come and go; they in a little while decay and pass again into the elements. What more preposterous than that one tenant for a day of this rolling sphere should collect rent for it from his co-tenants, or sell to them for a price what was here ages before him and will be here ages after him?"