

to all the local authorities in the country, as quite recently the Tottenham Town Council did within the county of Middlesex. More than 240 local authorities have in the last few years declared for the policy. These things are evidence that the public demand for the taxation of land values is no less strong than it was at those periods when Parliament actually passed the legislation that has been referred to. On the contrary, the sentiment in favor of the policy is much greater, and is only waiting upon a progressive Parliament to give effect to it.

Henry George— A Lesson in Continuity

By HIRAM L. JOME

(Professor of Economics De Pauw University)

A CENTURY ago Auguste Comte designated continuity and fecundity as the "least doubtful symptoms" of a true science. Economics does not qualify, he said, since each new work "in lieu of presenting itself as the spontaneous sequence and gradual development of previous works, has an essentially personal character according to its author."

Raymond B. Fosdick in his Review of the Rockefeller Foundation for 1938 says that though improvement is being made, in the social sciences "no body of generalized knowledge and no accepted scientific principles are available such as have been developed in mathematics or physics or chemistry. The physical sciences have centuries of experimentation behind them; the social sciences are just emerging from *a priori* and deductive methods. Even today a good deal that masquerades under the name of social science is metaphysics, as obsolete in its approach as was Francesco Sizzi's logic against Galileo's discovery of the satellites of Jupiter.¹ This same logical method, long outmoded in the physical sciences, is traceable in some weighty books on economics and political science written as late as 1938."

Progress in thought represents the pull between two forces, the old attempting to maintain its position and the new seeking acceptance. If any change is so personal and abrupt as to break off the continuity with the past, the result is chaos. If the pull of past forces is so strong as to permit no alteration, the result is stagnation. If the change makes use of the best of the past and at the same time projects into the future, the result is progress. Was Henry George's system part of a stream of thought, or was it merely of an "essentially personal character, peculiar to its author?" George did not build directly upon his predecessors. He arrived at his main conclusions by experience and observation. Typical history of several centuries duration was telescoped before his eyes into the period of a generation. In his early discussions of the railroad and of land reform he wrote about

the condition of the people, not about the theories of men. He was both a spectator and an actor in the drama of California.

But Henry George was not a fanatic. His ideas fit into the broad development of human thought. When he began "Progress and Poverty," he studied much of the literature of economics and philosophy for the first time, and discovered that with some exceptions his theory, already formulated in 1871 in "Our Land and Land Policy," was consistent with the views of many of his predecessors. His task in "Progress and Poverty" thus became one of "going over the whole ground," of modifying or strengthening his position, and in case of clash with the then established theories, of proving that his doctrines were sound and adequate.

This sifting of the "good" from the "bad" in economic theory constituted the pull between past and future which is necessary for continuity. George accepted the physiocratic doctrine of the bounty of nature and rejected the Malthusian theory of population and the niggardliness of nature. He retained the Ricardian theory of rent as the cornerstone of his Single Tax and discarded or modified certain portions of the classical doctrines of wages and interest. He advocated the tax on economic rent not as a fiscal device and a measure of economy as did the physiocrats, but as a method of social reform. He clung to the natural rights theory as an explanation of property and as a justification for the exemption from taxation of the products of labor.

He believed in interference with private initiative of the landowners, but, his Single Tax adopted, he staunchly advocated *laissez-faire*. While Adam Smith and John Stuart Mill of the major economists had suggested the idea of a tax on unearned increment and possibly on economic rent,² Henry George went the whole way and advocated the Single Tax as a remedy for most economic ills.

Henry George's idea of giving to labor its entire product was not new. Following the Ricardian labor theory of value and the subsistence principle of wages, Karl Marx had concluded, contrary to Ricardo, that the entire output should go to labor and that profits and interest constituted exploitation. Following Ricardo's theory of rent and agreeing with Marx on the basic fact of the concentration of wealth and increasing misery, George considered capital and interest as merely another form of labor and wages, and accused only the landowner of exploitation. George and Marx started with some of the same notions of the classical economists, agreed on certain phases, and then split off into different schools of thought.

Here is continuity at its best. John R. Commons in his "Institutional Economics"³ says in regard to the influence of the Physiocrat Quesnay:

"Forty years after Quesnay, Malthus substituted nature's scarcity for nature's abundance. Sixty years after Quesnay,

Ricardo founded the idea of value on labor's power in overcoming the natural scarcity of nature's resources. Ninety years after Quesnay, Karl Marx took over Quesnay's circulation, Ricardo's labor, nature's scarcity, and eliminated landlords, monarchs, and capitalists. A hundred and twenty years after Quesnay, Henry George took over Quesnay's natural rights, nature's bounty, and Ricardo's rent, to develop his Single Tax proposal."

To preserve continuity and to become part of the stream of thought, a writer must not only build upon and develop his predecessors, though arriving at different conclusions. His results must also serve as a stepping-off point for successors.

It is not necessary here to discuss the influence of Henry George: the millions of copies of "Progress and Poverty" published, the rise of Single Tax and related organizations; his influence on Socialism, particularly Fabianism; the forms which the Single Tax idea has taken, such as reduced rates on improvements, suggestions to tax site value instead of fertility value, increment taxes, the earned income credit in the United States federal law, "incentive taxation," the growth of special assessments, the government lease system in Canberra.

Professional economists generally classify George as a crusader rather than as a scientist. At first they tended to neglect him. In his "Political Economy" George complained of this indifference. But his prominence forced economists to pay attention. Many acknowledge an indebtedness. Professor J. B. Clark said George's theories aided in the formulation of his own system of distribution. John R. Commons, for instance, related that his "first reading in economic theory was Henry George's individualistic and theological 'Progress and Poverty,' recommended to me by a fellow printer."

Commons tells us in his autobiography "Myself" that he helped organize a Single Tax Club at Oberlin. This club brought George to Oberlin for a lecture, which was "well attended but strongly resisted from the floor." Commons disagreed, however, with George's condemnation of labor unions and with his failure to distinguish between site value, or "bare land value," which Commons says might be specially taxed, and fertility value, which in agricultural land is exhaustible and resembles capital.

Though many economists are affected with what Harry Gunnison Brown calls the "Single Tax Complex" and do not fairly treat the subject, none, whether he agrees with George or not, can afford to ignore or neglect the Single Tax.

Mark Graves, president of the New York Tax Commission, sent questionnaires to universities and colleges in order to learn the opinion of the senior professor in public finance on various problems in theory and practice. To the question "Should improvements be taxed at a lower rate than land?" seventy answered "Yes," forty-one "No," and sixteen were uncertain. To the question "Should there be a special tax on unearned increment of

land values?" sixty-three answered "Yes," forty-four "No," and twenty were uncertain. The overwhelming majority favored a net income tax on corporations, inheritance taxes, internal revenue taxes, and a graduated personal income tax.⁴ Most of these authorities thus seem to favor some form of a limited Single Tax.

Few theories have appealed to men of all occupations, of all degrees of wealth, of all nationalities, and of all philosophies of life, as has the Single Tax. The proposals of many other writers before George could be unearthed only by diligent research, and even John Stuart Mills suggestions commanded only academic interest.⁵ Yet in 1897, only eighteen years after the publication of "Progress and Poverty," Professor J. A. Hobson was able to report that Henry George may be considered to have had more influence upon the English radicalism of the preceding fifteen years than any other man, presumably even more than Karl Marx.⁶ What were the reasons for this influence?

I. The language of "Progress and Poverty" is simple, clear, direct, and beautiful. George's logic is convincing; his outline is unity itself; his choice of words is discriminating; his style is lofty. A teacher of literature might well consider this book as a recommended reading for his classes. If one reads portions of the book aloud one will feel the sheer beauty and force of his language, though marred in places by verbosity.⁷ Many writers put simple thoughts into profound language. Henry George possessed the capacity to put profound thoughts into simple language. One of his strongest claims to continuity is the simplicity and sheer beauty of his language.

II. Henry George turned an economic principle into an engine of reform. To quote J. A. Hobson: "He was able to drive an abstract notion, that of economic rent, into the minds of a large number of practical men and to generate therefrom a social movement."⁸

III. He was a dynamic personality. People who knew him remark about his graciousness and kindness, his overwhelming sincerity that "burned into his listeners," his "delightful obstinacy" for the cause, his frankness and honesty.

"His voice was characteristically persuasive rather than bellowing or rasping; he was an orator who talked directly to his hearers, trying to take each one of them by the coat lapels and convince him individually of the great truths he felt to be surging within him. This subdued style, however, frequently gave way to great bursts of animated power, particularly when George met with opposition; a friendly and quiet audience might hear only an impressive and carefully planned address, but an antagonistic and heckling one would be greeted with a great booming voice and an inspired emotion driven home with all the favorite devices of the platform. It was the George in this mood who was ranked by the *London Times* as the oratorical peer of Cobden and Bright."⁹

IV. Henry George's appeal went directly to the masses. He, himself, had been unemployed. He, himself, had been

hungry. Creditors even attempted to garnishee the fees received for his lectures. He was human. He had lived in the laboratory of life.

Social reformers concerned themselves with the improvement of poor relief and encouragement of education. Economists argued for thrift and for improved methods of production and for cooperation among workmen. George argued that these were mere palliatives. Results of improved production went to the landowner, not to the worker. The basic economic and social troubles were traceable to a simple cause—the private receipt of rent.

“Private ownership of land is the nether mill-stone. Material progress is the upper mill-stone. Between them with an increasing pressure, the working classes are being ground.”

This appeal was stressed by his followers. Note the emphasis in a letter by Tolstoy to a Siberian peasant:

1. “No one will be deprived of the possibility of using land.”
2. “Idle men, possessing land, and forcing others to work for them in return for the use of the land, will cease to exist.”
3. “The land will be in the hands of those who work it and not of those who do not.”
4. “People will cease to enslave themselves as laborers in factories and will disperse themselves about the country.”
5. “There will no longer be any overseers and tax collectors in factories, stores, and customs houses, but only collectors of payment for the land.”
6. “Those who do not labor will be freed from the sin of profiting by the labor of others.”¹⁰

V. Henry George was optimistic. The Malthusian theory of population and the subsistence and wage fund doctrines of wages had made economics “the dismal science.” Though there was much criticism, the classical system of voluntarism and automatic regulation represented the prevailing philosophy. Henry George substituted for the spirit of fatalism a gospel of hope. He gave logic, more than had Karl Marx, to the demand of the worker for the fruits of his labor. If George’s simple remedy were carried out, the other problems would be automatically solved. There would then be real constructive liberty.

Levy a tax on most articles and you make them more expensive; you repress industry. But levy a tax on land and you make it cheap: you stimulate production. The Single Tax will make land freely available; the absence of other taxes will make commodities cheap and abundant. Thrift will be encouraged, not penalized. Under the present system of taxation, the more one works and improves and saves, the more one is penalized by taxes. Under the Single Tax, argued Henry George, the more one works and improves and saves, the smaller relatively will be the tax. Each man becomes the master of his own destiny.

VI. Henry George was a man possessed of one idea. A review in the *Atlantic Monthly* for June, 1898, of his “Political Economy” makes this point: “To possess but a single idea is often intolerable weakness; to be possessed of but a single idea is often intolerant strength. To propound an economic theory is an affair of intellect; to propagate an economic gospel is a matter of heart and soul and strength and mind. Henry George was a reformer; heart and soul and mind and strength, he was possessed of one idea; he was the eloquent apostle of an economic gospel.”

VII. The Single Tax is an attractive and fascinating theory. It is not revolutionary. One can be a Single Taxer and still maintain his social status. The Single Tax makes a nice hobby. It is interesting to draw up charts and tables showing varying proportions of land and improvements and to compute the tax on the whole under our present system and under the Single Tax. It is instructive to obtain figures for one’s home community and see what effect the Single Tax would have upon the rate of taxation. There are numerous problems a person can work with by means of arithmetic and the Single Tax principle.

The Single Tax is a splendid topic for theoretical analysis. Henry George gave an impetus to the study of the capitalization process and to the problem of the shifting and incidence of taxes. Students in economics generally begin their study of the Single Tax with a bias against it. After learning what the theory really is, many of them wish to make an additional study of this fascinating subject. They may not become Single Taxers, but their understanding and analysis of the Single Tax makes them better students of economics.

CRITICISMS

As with all great theories, the Single Tax has been subjected to powerful criticism. Many unfair arguments have been presented. It is, for instance, frequently contended that the Single Tax would yield inadequate revenues to run the government expenses even in a normal year. If, however, the Single Tax were adopted, competition would be free, land would be abundant, and production would be stimulated. Since the greatest sources of international conflict, namely trade jealousies and the strife for natural resources and raw materials, would be removed, expenditures of government would be greatly reduced under the Single Tax. Moreover, the elimination of other forms of taxation would perhaps diminish the total cost of tax administration.

Many opponents forget that the Single Taxers are promulgating a policy rather than a plan and argue that the Single Tax is difficult to administer, particularly in the matter of distinguishing between land and improvements. All Single Taxers agree that numerous

details need to be worked out. Even the Constitution of the United States is still being interpreted after 150 years of successful operation. Wherever an attempt has been made to tax land at a higher rate than the improvements thereon, substantial progress has been made in the problem of differentiation.

Then again, many adverse arguments are founded upon a misconception of the nature of the Single Tax. Many economists contend that it would involve a discrimination against the landowner and would stifle initiative. The Single Tax, however, will encourage initiative in that it will free from taxation the results of human labor. The landowner who does not let his land lie idle and who makes diligent use of it has nothing to fear from the Single Tax. There will be adequate demand for the output of farm and industry because purchasing power will be fairly distributed.

There may be, however, several weaknesses and disadvantages of the Single Tax, which though perhaps not insoluble or unanswerable, have a great amount of weight. For instance, what shall we say about the following arguments: That the Single Tax is generally not advocated until it is too late. It should be put into effect when a country is young and before private property in land has become entrenched. At that time, however, the Single Tax is not championed. The people are land conscious, they want the fee simple, the marginal productivity of capital and labor is large, interest rates and wages are high, opportunities abound. When the country has become more mature and developed, and interest rates have fallen and there is a pressure for increased wages, the demand for the Single Tax arises. By that time vested interests have become well rooted and landowners raise the cry of discrimination. Though the Single Taxer can show by arithmetic that there is no such discrimination against landowners who make adequate improvements and do not let their land lie idle for speculative purposes, he finds it difficult to argue against sentiment. Moreover, there is by this time a desperate search for new objects of taxation. The people cannot afford the luxury of a reform for the sake of reform. So the pure Single Tax has little chance of adoption.

Finally there is the question as to whether allowance should be made for the distinction between the site value of land and its fertility value. This point has been well developed by Professor John R. Commons. Fertility is reproducible and exhaustible and in some respects resembles capital. On the other hand, site value is non-reproducible and bears no resemblance to capital. Shall site value and fertility value be subjected to the same rate of tax? In a sense, also, the site value may in effect be exhaustible through shifting population and changing customs. How shall such "decrement" be treated?

¹Fosdick quotes Sizzi as saying, "The satellites are invisible to the naked eye, and therefore can have no influence on the earth, and therefore would be useless, and therefore do not exist."

²John Stuart Mill—"Principles of Political Economy." (1848) Book II, ch. II, par. 5.

See also Book V, ch. II, par. 5, where Mill comes out for an unearned increment tax on the increase of rent.

³Page 139.

⁴"Tax Systems of the World," seventh edition, 1938.

⁵See Geiger, George R. "The Philosophy of Henry George," ch. IV, for an account of George's predecessors.

⁶"The Influence of Henry George in England," by J. A. Hobson in *Fortnightly Review*, December 1, 1897, p. 844.

⁷Read "Progress and Poverty"—Introduction, books VII, ch. II; VI, ch. I; and ch. V.

⁸"The Influence of Henry George in England," by J. A. Hobson in *Fortnightly Review*, December 1, 1897, p. 835.

⁹Geiger, George R. "The Philosophy of Henry George." Pages 59-60.

¹⁰*Review of Reviews*, January, 1898, page 74.

Some Theoretical and Practical Aspects of Land Value Taxation

BY F. C. R. DOUGLAS, M.A.

IN "Progress and Poverty" Henry George achieved in a unique degree the enunciation of a sociological theory combined with a practical method of putting into operation the rules for the conduct of affairs which are deduced from it. Hardly any objection has been offered to the main line of his argument which is not answered in advance in the book itself. But Henry George would have been the last to contend that no improvement could be found in the method of presentation of the essential truth contained in his work.

PROPERTY IN LAND

Experience has shown that one of the obstacles to the reception of his policy is the idea that he proposed to destroy or confiscate property. In evidence of this passages are quoted in which he said that we must "abolish private property in land" and "make land common property." Against these may be set other passages in which he said: "It is not necessary to confiscate land, it is only necessary to confiscate rent." The object in fact is not to destroy rights to land but to establish "equal rights to land," and the means of doing so is "to appropriate rent by taxation" or "to abolish all taxation save that upon land values."

Many years after he wrote "Progress and Poverty" Henry George had to consider the question of "equal rights," "joint rights" and "common rights" when examining Herbert Spencer's statements on the land question. He points out in "A Perplexed Philosopher" that Spencer fell into confusion by substituting for the idea of equal rights to land the idea of joint rights to land. As George puts it: "Were there only one man on earth, he would have a right to the use of the whole earth or any part of the earth." When there is more than one