

Measuring Human Progress

by Yisroel Pensack

Henry George points out in *Progress and Poverty* that "association in equality" is the social condition which fosters human progress. In other words, to the degree that human beings associate freely with each other under conditions of economic and political equality, civilization will tend to advance. To the degree that people do not associate with each other, or to the degree that they do not enjoy equal economic opportunity in the true sense along with equal political rights, civilization will tend to decline.

Quantifying Association

How then do we measure the degree of "association in equality" in any society at any time? The answer is simple.

The amount of "association" is always reflected in the quantity called economic rent. Aggregate economic rent is an index of the actual amount of "association" operating in any society. As George puts it:

Where population is sparse, land has no value: just as men congregate together, the value of land appears and rises — a clearly distinguishable thing from the values produced by individual effort: a value which springs from association, which increases as association grows greater, and disappears as association is broken up.

Students of Henry George should therefore recognize the fundamental desirability of high aggregate economic rent. We must distinguish between the inherent goodness of high economic rent and the inherent evil of speculative and monopoly rent; and we must always also emphasize that all land rent (except the small residue that would be left to titleholders under the full implementation of the single tax system), should be collected by the community. Private retention of economic rent is inherently unjust and is the "wedge" that splits society into rich and poor.

Because *Progress and Poverty* was a book intended to stimulate radical social reform (although not necessarily involving any sudden shock to existing forms of social organization), the uncareful reader may erroneously glean from it an anti-rent bias. In fact, *Progress and Poverty* and its author are not "anti-rent," but against the private retention of economic rent.

The genesis and growth of economic rent is, indeed, most compelling evidence of the existence of a beneficent and

intelligent Creator. To put it simply, the law of rent, properly understood, proves that G-d exists and is Just and Good. Contrary to widespread misunderstanding among George's supporters and critics alike, George did not see rent as a form of evil. I think it can be said, without irreverence, that just as G-d viewed Creation and saw that it was good, so Henry George saw that rent is in itself good — indeed, very good; it is the perversion of rent's natural and intended purpose that is evil.

The genesis and growth of economic rent is most compelling evidence of the existence of a beneficent and intelligent Creator.

The natural order, George shows, is for rent, wages and interest all to increase simultaneously and continuously. There is no inherent conflict between economic rent, and wages and interest.

The conflict is between speculative and monopoly rent (as resulting from private appropriation of land rent) on the one hand, and wages and true economic interest on the other.

Much confusion has arisen because George did not always trouble himself to use the adjectives "speculative" or "monopoly" when assailing rent, or to always make it explicit that he was attacking only the private appropriation and not the very existence of economic rent (which would be as futile and absurd as attacking the existence of gravitational force).

For a fuller understanding of this point, one must read George's open letter to the Pope, published under the title *The Condition of Labor*. Therein, George elaborates most fully the beneficent influence manifest in the existence and natural growth of rent — which, in regard to the needs of a growing and developing society, he likens to the influx and flow of mother's milk.

It is a false teacher who paints the view, as has been done, that George proposed socializing economic rent because he saw no way to do away with the "evil" quantity and considered its socialization the next-best alternative.

Quantifying Equality

As to the other component of progress which we have sought to quantify — equality — there should be little confusion on the part of Georgists regarding its measurement. The amount of equality in any society is inversely proportional to the aggregate (selling or market) prices of land and other privileges (quasi-land titles such as television and radio broadcast licenses). The higher the aggregate real price of land, the more (continued on page 32)

Measuring Human Progress...

(continued from page 19)

economic inequality there is in a "capitalist" society.

(To get the proper index in a "communist" society, in which there is no land sales market, would require development of a more sophisticated mathematical tool that would impute the value of control of land and other privileges.)

In summary, we have reached the following conclusion: In order for civilization to flourish in freedom and progress, what is required is low land prices in conjunction with high economic rent. Only the full single tax can provide the basis for such a society in modern times. **GJ**

After One Hundred Twenty-one Years...

While prospecting in the history room of the San Francisco Library, Yisroel Pensack discovered an 1885 printing of George's 1885 talk, "Why Work is Scarce, Wages low and Labor Restless". The talk itself is not rare; it can also be retrieved from the New York Public Library. What is a lucky strike, though, is Pensack's connecting of four sentences in that talk with a current event in San Francisco.

George writes: "There is a lot on the corner of Fifth and Market Streets in this city, to which the common right of the people of San Francisco is yet legally recognized. That lot is not cut up into infinitesimal particles, nor is it yet unused. The buildings upon it, the property of private individuals, stand there in perfect security. The only difference between it and adjoining property is that the rent of the land goes into the Common School Fund instead of into private pockets, and whatever increase there is in its value accrues to the whole people of San Francisco instead of building up private fortunes."

Pensack had recently read in the San Francisco *Independent* that the school district's superintendent wished to sell this very land in order to secure a quick dose of capital which would be used to win matching funds from the State. Incredibly, the superintendent proposed to sell the earth right out from under the school children, giving up once and for all the rent that steadily obviated more tax burden on payroll and etc.

Pensack appeared at four successive School Board meetings, speaking forcefully of the central principle that this land represented, and the foolishness of selling the land when its rent stream could be the basis for a loan with which to win the State funds. For the moment the prospective sale is in abeyance. The superintendent has sworn resistance, but the item disappeared from the Board's agenda for two meetings.

(Reprinted from *Quicksilver*, the newsletter of the Henry George School of San Francisco. For information, write to 55 New Montgomery, Suite 219, San Francisco CA 94105.)