

• PETER POOLE dissects Mark Blaug's *Economic Theory in Retrospect*, Cambridge University Press, Fourth edn., 1985.

ECONOMISTS tend to ignore land in their text books. At best the student can expect a brief formal treatment of the subject, grudgingly incorporated for the sake of apparent completeness. Books on the history of economic thought ought to be different, however, because they have to provide an explicit treatment of the classical economists who analysed land as one of the three factors of production.

Historians, alas, also now tend to neglect land, which is why the fourth edition of Blaug's book promised to be refreshingly honest. In his introduction the professor, who teaches at the University of London Institute of Education and University of Buckingham, states that he introduced "an entirely new chapter on the history of location theory, a subject almost totally neglected in rival histories of economic thought, which is of great interest in its own right and also serves to explain the recent emergence of urban and regional economics as specialized fields of study."

Professor Gaffney's trenchant critique¹ told us why economists down-graded land as a subject for serious study: they were either opponents of Henry George, the American economic philosopher, or they accepted distortion as a way of heightening the importance of their own perspectives.

Blaug was going to be different! Our test was his treatment of Henry George, the most famous of land economists. Blaug turned out to be a disappointment.

It is not true that George's proposal for a Single Tax on the economic rent of land "was widely misunderstood, partly because of his clumsy exposition, as advocating nationalisation. In point of fact, he only proposed to tax pure rents, exempting the returns from site improvements" (emphasis added).

This is an offensive textual criticism; even George's enemies acknowledged that his exposition was one of his virtues. None other than Leo Tolstoy eulogised Henry George's literary talents. In a letter written to Moscow on April 27, 1894, Tolstoy referred to George's *Social Problems*, which was written in an "exceptional manner (unparalleled in scientific literature) clear, popular and forcible, in which he stated his cause — and especially by (what is also exceptional in scientific literature) the Christian spirit that permeates the whole work. After reading it I went back to his earlier *Progress and Poverty*, and still more deeply appreciated the importance of its author's activity".² It is not true that "the concept of site value taxation



• Robert Andelson — "exemplary treatment of his subject"

LET DOWN BY A 'CAVALIER'

was never seriously discussed." Blaug shoots himself in his foot, by adding a footnote which explained that "All the leading British and American economists of the day — Alfred Marshall, Francis Walker, Edwin Seligman, Thomas Carver, and Richard Ely — wrote extensive critiques of George." This grudging reference was forced out of Blaug because he was obliged to take into account Professor Andelson's exemplary treatment of the subject.³

The powerful influence of George's theoretical work can be inferred from these references in Blaug's book:

• "The *Fabian Essays*, in which Sidney Webb and G. B. Shaw fused Ricardo's theory of rent as reworked by Henry George..."

• "It was the rise of Marxism and Fabianism in the 1880s and 1890s that finally made subjective value theory socially and politically relevant; as the new economics began to furnish effective intellectual ammunition against Marx and Henry George, the view that value theory really did not matter became more difficult to sustain."

Unfortunately, students of economic history will be swayed by Professor Blaug's reading of *Progress and Poverty*. He believes that George failed to convey his message:

"What George was after was to destroy land speculation, and he should have devoted all his energies to clarifying the distinction between a tax on 'site values' and a tax on 'betterment'. But this aspect of his argument was little developed in *Progress and Poverty*."

This is such a breathtakingly cavalier treatment of his book that one is tempted to suspect that Blaug has not read it. On reflection, it would have been better if Blaug had left well alone, and produced the standard — partial — treatment of the history of economic theory. Anyone interested in the subject can do no better than to consult the works of Professors Gaffney and Andelson.

REFERENCES

1. Mason Gaffney, "Two Centuries of Economic Thought on Taxation of Land Rents", in Richard W. Lindholm and Arthur D. Lynn, Jr., *Land Value Taxation: The Progress and Poverty Centenary*, University of Wisconsin Press, 1982.
2. *The Works of Leo Tolstoy*, Vol. 1. Essays and Letters, translated by Aylmer Maude, Oxford UP, 1911, p. 215.
3. R. V. Andelson, Editor, *Critics of Henry George*, Fairleigh Dickinson, UP, 1979.

★ WORLD BRIEFS ★

CANADA: Montreal realtor Bernard Senez seeks \$1m compensation for being "ripped-off" on a sixties land deal. The option he bought on 3.2m sq. feet of land lapsed when he was unable to sell the site. Former colleagues obtained the option, and the land was "flipped" — sold and resold — ending up with a Bermuda-based company which sold to the Quebec government for \$2.1m. A royal commission found the Quebec authorities had been swindled of almost \$750,000 when it bought at 66 cents a sq. ft. instead of Senez's 35 cents asking price.

NAMIBIA: The National Assembly has been told by Minister of Agriculture Jan de Wet that its biggest challenge is the resettlement

scheme for landless and novice farmers.

ENGLAND: Prince Charles, touring East London slums, confessed to being "appalled". A Bengali-run leather workshop had dirt hanging from the ceilings. "They are working and living in conditions almost as bad as those on the Indian sub-continent," said the prince.

CHINA: Peking's economic liberalisation — farmers can now obtain 15-year leases to harvest their own plots — has created a baby boom. The new prosperity means that mandatory fines against couples who have more than one child can be paid out of higher incomes.