Henry George's Ideas Today

The Ezra Cohen Memorial Prize of $100 was offered for the second consecutive year to graduates of the summer high school class in Fundamental Economics. They were invited to compete on the subject "Henry George's Ideas Today." The prize was divided between two contestants, both from Long Island: Charles Zuckerman and Alan Hornstein. Their essays are abridged here.

by **CHARLES ZUCKERMAN**

TWENTY-FIVE years after his illuminating experience in Oakland, Henry George wrote "it came upon me that there was the reason of advancing poverty with advancing wealth. With the growth of population, land grows in value, and the men who work it must pay for the privilege." This idea was explained in *Progress and Poverty* a decade later.

George began his text by discussing the variants which determine what he calls "the law of rent." The amount of rent, we are told, is determined by the difference between the productivity of the land in question and the least productive land in use. This least productive land of which more can be had for the asking, is called by George the margin of production. Rent, to George, is payment for the permission to use land, not for anything done to assist production. Whereas labor and capital receive shares proportioned to their contribution to the final product, rent may be high where the land is poor and unproductive if poorer lands are in use, or nothing at all on fundamentally rich and productive land if there is land equally rich to be had.

The law of wages, which is essential for determining the cause of low wages and thus of poverty, was to be derived from this premise. Produce must equal rent plus wages plus interest. Since George conceived of capital as stored-up labor, interest may be conceived of as its wages—consequently tending to vary as wages do —since capital is in continuous production. Thus wages vary inversely with rent and inasmuch as rent rises as a proportion of the product as the margin falls, and falls as it rises, wages must fall as the margin falls and rise as it rises. Here then is the reason why greater productive power may not mean increased wages. If the increase in productive power causes rent to increase, wages may fall as a proportion of the product and perhaps as a quantity.

Increased productive power increases the need for land without which production cannot go on. Rent, so long as increased production causes inferior lands to be used, tends to increase as a proportion of the total product and, in general, to gain the increase in production. This steady increase in rent caused by the steady advance in productive power and production induces land speculation which acts to lower wages as a quantity.

Land is not used as it is needed in an orderly progression from better to poorer lands. Instead, the seeker of land must go past the natural margin, and this land to which he gains access is now the actual margin. This abnormal lowering of the margin tends to lower wages still further. Land speculation, it may be added, is an inevitable result of increasing productive power so long as land is treated as private property. It is the cause of poverty and links this evil with productive progress.

Poverty, however, is caused not by the increase of rent, but by the diversion of rent into the hands of the few who own the land. Private ownership of land, then, which enables the few to command the rent of land, is the cause of poverty, and since it is a human institution, a remediable one.

The obvious remedy is to "make land common property." At this point a question of justice arises. Is the private ownership of land unjust; is its common ownership just? George allows the correctness of his preceding analysis to be judged by this test. That such a great social evil as poverty is not caused by a great social injustice was unthinkable to him, and if his analysis were correct, private property in land must be unjust. The basis, in justice, of private property is the right of the individual to the product of his labor. There is no other reason which gives a man the right to call anything his own. But land, in the final analysis, is not the result of man's labor in any sense. How then can anyone rightfully own land? Rent, the share of the produce which is now given to the owner of land, rightfully belongs to those who produced it, the members of the community.

Admitting the expediency of the remedy, how is it to be applied? Since rent will provide most, if not all, of the necessary government revenue, such a program will enable the abolition of most and eventually all (rent continually increases) other taxation, thus ridding the nation of a check upon the use of its productive power. George's program, then, becomes the taxation of land values to the extent of taking rent, while abolishing all other taxes.

Speculation in land will end since land will no longer have sale value. Great areas of supra-marginal land will be opened to production, causing wages to rise to a new basic level. More important, however, is the result of increased production caused by the abolition of repressive taxes and the use of superior lands. Such increases in production will increase rent. But rent will be taken by the government, and as total production constantly grows, a greater and greater proportion of it will go to the government as taxes on land value. The result of constantly increasing government revenues used for the equal benefit of all will be to insure to each member of society a decent standard of living, though he work at society's most menial task. Such a society, George argues, will be more devoted to the higher pursuits of man.

Progress will not merely be an arithmetical progression; it will constantly accelerate, making of the life of man a fuller and more enjoyable thing. Such, in brief, is the society that George pictures growing out of his reform.

At this point, the natural question is whether or not George's reform can accomplish this in our own day. By writing of him as if he were purely an economist, his followers have caused his proposals to be classed with other limited and technical "solutions" in the minds of the people who have heard of George but have not studied his works carefully. The name of George evokes nothing but "Oh yes, the single-taxer." But George is more than the single-taxer economist. In *Progress and Poverty* he outlines nothing less than a utopia to be achieved by making the land common property, and it was on this basis that George made his striking appeal, sketching in the words and metaphors of the Christian tradition, the blissful result of uprooting the unjust system of private ownership of land. And it is only on this basis that George's ideas can be made relevant to today's situation. Man's desire for the perfect life is as unsatisfied today as it was in George's time, but it must first be appealed to. Georgism must stress its utopian side and make its appeal on that level if it is ever to see its ideas put into practice.