

The Theories of Henry George

NOTWITHSTANDING the allurements of pockets full of currency, the voters clung tenaciously to the anti-panacea idea that it is more advantageous to have one dollar that is worth a hundred cents in gold than it is to have a hundred dollars worth nothing but the political decree that ordered them printed. Like the Greenbackers, the Populists misjudged the effects of quantity when opposed to quality, but they made quite a noise when they were fully vocal, and those of them who are left undoubtedly point with pride to their advocacy of the income tax, the initiative and referendum, and the election of senators by the direct vote of the people. Eventually the people dosed themselves with those panaceas, and in the case of two of them they found that labels on bottles containing panaceas sometimes do not foretell with entire accuracy what the effects of the stuff in the bottles on the body politic will be.

Meantime, with the popularization of the physiocratic theory of the Single Tax on the rent of land of Henry George when he published his book, "Progress and Poverty," in 1879, and through the incessant labors of George and his followers, the economic advantages of such a levy came to be considered a panacea for all taxation problems and difficulties, which were, and still are great, by a minor but most active section of the population. Briefly, George advocated the abolition of all taxes upon industry and the products of industry, and the taking, by taxation on land values irrespective of improvements, what he termed economic rent derived from the annual rental values of all those various forms of natural opportunity covered by the general term "land."

The supporting arguments were many, and still are, and rest upon three general premises, which are the theory of natural rights, the economic theory of distribution, and economic expediency. It is held that such single taxation will yield sufficient governmental revenue, make for better and purer government, and increase the productivity of wealth by removing the present taxes on capital, production and consumption. The Single Tax theory is directly opposed to Socialism and the nationalization of land.

During the years since George's crystallization of this theory in his book, and following the adoption of the theory by many disciples, there have been amplifications of it and attenuations of it, but in the main the thesis rests upon the proposition, vigorously urged by the supporters of it, that economic progress is marked by increasing wealth among a small section of the people and increasing poverty among a tremendously larger section, because it is the tendency of rent to absorb all values above a minimum for wages and interest, and that the taking of this rent, by the medium of

the Single Tax, would bring about democratic equality and universal prosperity.

The most important political tests of the hold of the theory on the minds of the people were the two campaigns George made for mayor of New York, the first in 1886, when he was defeated, and the second in 1897, when he died a few days before the election. The theory has not received general acceptance by the economists, although George's correlative theory that the laborer is paid not out of capital but out of the value he himself creates, has been accepted in some quarters. Notwithstanding the disapproval of the Single Tax by economists, it has a considerable body of adherents in this country, and is vigorously held to be one long-sought-for taxation panacea.

SAMUEL G. BLYTHE, in *Saturday Evening Post*.