10/9/80. Talk on Henry George

Henry George. (Oct. 16, 1980)

Unsettled issue of ~~the~~ radicals ~~—~~ ecs. — what form std. common ownership takes?

Interesting answers provided by HG. Has a Hegelian quality.

Thesis: mkt. ec.

Antithesis: communal sts.

Synthesis: Common sts to land
Pvt. entitlement to ~~products~~ wages. (no payroll or inc. tax or excise taxes)
Pvt. ~~ent~~ entitlement to wealth + K other than land. George viewed these as labor products. (More on this later)

George also synthesizes ~~Econ~~ Resource Ecs. + Pol. Ec. 1st book, Land + Land Policy.

George was enormously popular. late 19-th cent. Best selling ecs. book of all time. (outside of authoritarian societies). Obviously struck some sympathetic old chords in the cultural subconscious. + if we go back, we find many precedents.

Wm. Conqueror. In every culture (almost), find something like feudal system.

John Locke is one, (revived by Robt. Nozick today, who is another.)

Quesnay (kenā'), Victor de Mirabeau, P.S. du Pont, a.R.J. Turgot. Fr. physiocrats.

Adam Smith
Th. Paine
(Th. Jeff. — pr his support of Destutt Tracy, ~~who~~ a Fr. Senator who had to publish in U.S. bcs. he was a Bonapartiste) (But George believed in ecs. of scale. ~~Ricardo? Warning~~ + in cities.)
James Mill; H.H. Gossen; ~~Leon Walras~~

Contemporaries of George who came up w. same idea, independently, are Wicksell, Walras, Alfred Russell Wallace.

George had much in common w. Marx:
- Observed ecs. of scale, much of concn., sought how to come to terms w. it, tame it, preserve communal rts.
- Believed opponents were hired flacks, + told them so. ~~This of course made him~~ Thought colleges were mercenary. This of course made him immensely popular w. ~~&~~ prof. (i.e. hired) ecsts., + created our anti-intellectual image which his critics have cultivated ever since.

Oxford is one of Eng's largest landowners.
Cornell ~~does~~ did spec. in Wis. pine lands,
U. Cal., Tx & Minn. do have earmarked mineral revs.
~~Clark U., 1924~~
~~Other limits, too~~
~~Smith College, 1890~~
~~Clark - 1924.~~

— Like Marx, George believed in a surplus value (~~too~~ a different one, ~~?~~ to be sure, but both were a threat to conservatives)

- Classical econ. But big diff. here, George more of a regulat., even tho many passages sound like labor thry of value. + in one sense critical. Clark + Wicksteed. (more later)

~~This~~

One ~~was~~ often hears that George ~~had~~ faded fast, flash in pan.

- From His enthusiastic followers, w. millenial expectns
- Also from his enemies to bury him in contempt + image of failure.

In fact, had a great influence both practice + thought.

1. In Practise.

a. England. The oppression of the Irish, also oppressed most of the English. Sent to Ireland, he nipped over to Engl. + was a huge success.

Lloyd George, 1909, land tax budget Led to pol. reforms, re ~~the~~ House of Lords. But movement killed by WWI.

b. Engl. colonies: ~~Aust~~, E. africa, Australia, Hong Kong, Singapore, N.Z., Canada

c. U.S., to early or mid twenties, monumental assmt. reforms, high reliance on prop. tax, as vs. sales, + state inc. tax.

W. S. U'Ren
Upton Sinclair
Rodda, Mills, Filante

~~Otto, heavy reliance on prop. tax.~~

d. China. Sun Yat-sen, an enthusiastic student of H.G. Chiang forgot. But Taiwan has packed the ideas quite far.

e. Japan. Heavy land taxes, Meiji pd.

~~f. Russia. Stolypin. -- analogous to Taiwan. But done in by Bolsheviks~~

f. Denmk. ~~It~~ Transformed agric., w. free trade, as other Eur. countries turned to protection.

Many of
~~The~~ these movements were stifled by W.W.I. + postwar reactions. Many young reformers killed in war. Old men seize power when young men go to war.

2. (a Theory + Inspiration.

Goldman, Rendezvous w. Destiny p. 16, + cover.

Ec. thy.

Coordn. of laws of distribn. Here, critics. J B Clark by 40 yrs, — + Clark's intro. "credits" George — altho. the policy effort of Clark is to refute George.

In his ~~thies.~~ theories, G. was a consistent regulat. Is easy to oversimplify + misinterpret him, bec. of his journalistic style + hyperbole. Has been accused of a labor thy of value; but also of a physiocrat thy. that land is source of value. Marquand even though he had not determined first, labor for residual. But he draws all together, Ch. 7, 1st. postulates Ricardo's law of rent. Then, "det. of wages + i.r. follow, not as sequence, but as jointly detd." ~~Marquand wrong~~

He was the first, that I know, to try to put it all together. Less elegant than Clark - Wicksteed, but same idea, much sooner.

Capl. thy.

There is reason to believe that Clark began his Brahmin or Müller thy. of capl. to refute George. George's K thy, such as it was, identified K w labor, bcs. a labor product. Clark identified K w. land bcs. of "transmigration". Set back K thy. 50 yrs.

Fer out? 1890, Saratoga.

Am. ~~Econ. Ass.~~ Soc. Sci. ~~debate~~ Assoc., debate. "Moral Basis of Propty. in Land." Clark turns his thy. of ~~Profits~~ capl. on H.G. "Pure K is value embodied in productive instrs. of any sort."

Neo-classical econ? Large parts of it, at least, were consciously calc. to counter George. ~~Neo-classic~~

Classical ec. resolved laws of distrib. by treating rent as a surplus. It pointed clearly to socializing rent. Classicals themselves ~~were~~ were Eng. gentlemen, drew back from pushing this to its logical conclusion.

George was coming from somewhere else:

a. Calif. land was newly & fed. from public to pvt., under conditions that wd. not bear examination. Was culturally easy for him to say it shd. be common. Fed. ownership was fresh in mind.

Δ ↑ returns, urban sprawl.

b. Boomer, booster culture. Desire to attract people & capl. No gr. but what growth is good. / Tax land, exempt labor + K, attract the mobile factors. / This same appeal also works in military mainlands — E. Africa.

c. Irish alienation

In Ireland — the Land Qu. Today, assimilated & quiescent, we hardly notice the Irish.-Cans. Then, they were as obsessed w. Ireland as Jewish-Cans. are w. Israel. George said they shd. tax the Eng. landlords — they loved it.

In U.S., Irish again faced exploitn. by Eng. landowners, bs. they got here first. George told them that prior occupancy did not justify rts. to land. That every child born had an equal claim on all land in U.S. As an anti-Malthusian, he also was congenial to people w. a high birthrate.

He showed them exactly how to do it, in a practical, immediate way. Take over city hall, tax the rich man's propty. to help the poor man's child. ~~He~~ They elected him Mayor of N.Y. — but counted him out. T.R. ran a poor 3d. (1897, 2d try, he died).

1886

d. Concn.

George alarmed at Merits of Concn.

Originated Lorenz curve

Saw land as most concd ~~wealth~~ asset; & assets more concd. than income.

Eng. took all this for granted. Keynes legitimized it.

There is a mindless cliché often heard that land was important in his day, but now superseded by other forms of property. A little history dispels this. Prototype of corpus was 19th cent. Am. land co. Then the R.R.s., w. huge land grants. S.O. Trust. Then, as now, concd. land holdings were incorpd. George looked thru the corp. veil & saw the real assets.

e. Anti-Malthusian. Classicals were gloomy. "Dismal", as Carlisle said. Lifeboat psychology, like Garrett Hardin today. Res. of limited land.

George used Malthus to focus reader's attn. on land. But then refutes Malthus by saying the scarcity of land is an artificial one, due to instit. bias, ~~& it was~~ It wasn't God who drove Eve & Adam from Eden; it was land spec. Easy remedy: tax the good land into higher use.

Here, then, was a real & present danger to the strongest vested interest, landowners.

So, a central problem of conservative ecs. was, how to subvert this threat. You can socialize property via tax. What George showed is, you can socialize 100% of land by tax -- tax the hell out of it, & not one sq. ft. will walk out of town. No limit. And, using classical ecs.

This was going rt. for the jugular. This was NOW. No waiting.

To understand, Ecs. had to show there was no surplus. Rent was a social fn.

Land became a social sect. via o.c.

a. Change focus from aggregates to factors, to commodities; from partials. ∧ o.c. Rent necy. to attract land from alt. uses. Ecs. is study of allocn of scarce res. among competing ends. Modern micro.

Pareto started this. ∧ Alvin Johnson in U.S. Knight carried to extreme - Stigler & Friedman follow Knight. "Choice" is everything.

b. Factor symmetry. All have MPs, alike. Clark, Wicksteed. (Columbia U., bus. in N.Y., became center of anti-George doctrines: Seligman, Clark, Haig, later Stigler) (Drove out Hotelling)

c. Capl. & land are alike.

i. Cap. supply fixed
- By assuming static ec. - Clark.
- By " closed ec. - Seligman.

Adams, Seligman, Jensen -- then, Chicago School,
W. Harbinger. Called "new view".

Then, uniformity is all that matters.

ii. Land supply elastic.

- In any one use. Inter-indy. mobility.
And in micro, allocn. is all that matters.

- In aggreg. by extending p.v. Ely;
Knight & Chi. School

By discovery. Hutch. REE.

iii. K never wears out, is immortal by reincarnation
& transmigration. Hindu mysticism. The soul also
transmigrates into l.v., by exchange. Clark: Knight,
Stigler. Fought Austrians bcs. pd. of prodn. presumes a
distinction between cap. & land.

d. Land is widely held. Land tax is
regressive, bcs. the poor people own all the land.

Walker, Seligman, Alvin Johnson,
Chas. Seligman.

Recent times, evolved into idea that
prop. tax is regressive. The poor people own
all the propty? No, propty. is all K. & taxes on
cap. are all shifted. Musgrave.

e. Elimination distribn. of wealth as ~~part~~ major part of econ.

Save in limited sense of income concn,

Suppress studies of wealth concn, concn. of control. Suppress studies of factoral distn. Overstate wage share.

Income becomes catchword; inc. tax becomes panacea.

f. Land mkts work perfectly w/o any land tax, & tax glitches ~~creates~~ up.

Ely, ~~Edgeworth~~ — tax forces the mkt.

Clark, Hibbard, Johnson, Kurz, et al. — tax slows the mkt. by inhibiting 'rent-seeking'.

Edgeworth — tax destroys land as collateral.

g. Excessive resource optimism.

Declining importance of land.

Helped us stumble into current resource crisis.

h. Modern macro

Undercons., underinv.

Land spec. good, bec. reduces current flow of subsistence goods; & Δs inv. opp.s to open new lands.

Why did George fail?
Why not more successful?

a. In theory, he had no capl. thy, on supply side.

On demand side, a species of productivity thy.

On supply side, a crude equilibrium thy., frozen labor, easily augmented, by Δi. Just a form of labor -- overlooking real source of most saving. K is frozen rent, mostly. (But was proto-Keynesian (over)

b. In Pol. Ec., had 2 problems

i. No special int. group. Was for all mankind. Had the Irish for a while, but 'twas a passing phase, the Irish love of all mankind. Degenerated into ~~this~~ city machine politics.

ii. ~~He~~ Cdn't operate at nat. level. Fell into trap laid by James Madison 100 yrs. earlier. Madison saw him coming (had Tom Paine to deal with.) Apportionment of reps. + client takes by pops.

in its optimism — can ∆ supply of cap. ~~by~~ by full empl. Full empl. creates its own capl.
But never developed a formal model.)

Seduced by his great popularity, he went into city politics, wasted himself.

Cannan sees the problem. Tragedy of the Commons, one step removed.

Two later followers tried solutions after 16th Century.

J.R. Commons. Focus nic. tax on rent. tax
Exempt labor by earned inc. credit;
exempt capl. by fast write-off.

Colin Clark.
Apportion direct taxes by L.V/popn.
Review of Madison.

Don Hagman
Apportion Fed. rev. sharing by popn / l.v.

SCANNED

AS

FOUND

The Fearless Spectator

Charles McCabe

The Story of a Book

HENRY GEORGE once set type for letters, words and paragraphs for The Chronicle, as he did for most of the other publications of San Francisco in the days after the Civil War. He had been an editor, too, of the Democratic Party organ, the Daily Evening Post. From his 13th year, he had been a furious worker, as seaman, gold prospector and salesman, outside his newspaper life.

Now he was in the middle of the grinding depression which went on for six long years after 1873. He had a wife and family he was unable to support. Somewhere out of his reading, and his meetings with the famous radical editor James McClatchy of the Sacramento Bee, Henry George had come to the view that what America needed was a single tax that would wipe out any rise in land values.

Riding in the foothills over Oakland he had looked down on the flat land near San Francisco Bay, which the newly built Central Pacific had unbelievably increased in value. "Like a flash it came upon me," he said later, "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."

★ ★ ★

EVEN BEFORE the depression, in 1873, George had said: "The land of a country rightfully belongs to all the people of that country . . . there is no justification for private property in land except the general convenience and benefit . . . private rights to land should always be held subordinate to the general good."

During those dark depression days these insights were pounded into Henry George's great book, "Progress and Poverty," which was written on yellow foolscap in a rugless, poorly - heated San Francisco room. It became one of the most influential books ever written by an American.

It was almost still-born. How did you sell a book on economics in those days? Publishers gave it a miss. In the end Henry George talked an old friend in the printing business into setting the type and D. Appleton Co. agreed to run off 500 copies. After a handful of reviews this great biblical document was ready to go down the drain.

★ ★ ★

IT WAS rescued by, of all people, the New York Irish. The resourceful in-fighters of Tammany Hall didn't give a hoot in hell about economics; but the whole dispute between Ireland and England in those days was called The Land Question. And wasn't George on their side, clearly identifying all landlords as the villain of the piece, responsible for the progress which brought their country's disgraceful poverty?

A proximate result of his book was that Henry George got a job with the Irish World, of New York City, which in 1881 sent him to Ireland as a correspondent. His book became a best-seller in New York, and he became something of a secular saint. In Ireland and London he passed out copies of his book to prominent men like John Morley, Joseph Chamberlain and Alfred Russell Wallace. He made a speech in London which converted a young man named Bernard Shaw to a lifetime of social reform.

The socialist leader Kier Hardie was an avid fan and became the political link between George's impact on Britain in the 1880s and the modern British Labour Party, which freely acknowledges its great debt to Henry George. The sales of P and P vaulted. Factory hands and farmers who had never read a book fought their way to the final page.

★ ★ ★

THE CURIOUS thing about this book, which has had an estimated distribution of perhaps 5 million since 1879, is that it changed thinking radically, but almost nobody accepted its final solution: That either land might be nationalized, or there might be taxation that would transfer economic rent from the landholder to the community. Part of the reason was that hard times were passed, part the truly radical nature of the proposals.

It is only now, nearly a century after the book was published, that some of the radical young conservationists are beginning to see that old Henry George may have had the answer, after all.

San Francisco Chronicle
THE VOICE OF THE WEST

Charles de Young Thieriot, Editor and Publisher
George T. Cameron, Publisher 1925 to 1955
Founded 1865 by Charles and M. H. de Young

Editorials

Who's to Blame For Food Prices?

ANYONE WHO GOES TO MARKET to buy food knows that its costs keep rising, and this amidst the often confusing accusations among spokesmen for farmers, food processors, food distributors and food retailers about the other fellow being responsible.

This week the government, through Peter G. Peterson, Secretary of Commerce and chairman of the National Commission of Productivity, was putting the blame on middlemen, handlers and processors. Peterson's report called attention to what has been obvious for a long time, that better cooperation in food handling between producer and consumer would put food on the table at a cheaper price.

ALL OF THIS IS INTERESTING and no doubt a substantial explanation for food cost increases. But the first thing one realizes is that getting a handle on the cost problem in agriculture is just about impossible, because of this very tendency of everyone involved to blame everybody else: no one element of the great-sprawling agricultural industry can be held responsible for ultimate results.

A good demonstration of this division and this confusion in agriculture, was offered when representatives of the two-million member American Farm Bureau Federation met in Los Angeles yesterday and heard their spokesmen take the microphone to blame government, labor unions, "agribusinessmen," processors, feed dealers, integrators and other handlers for all the ills of their industry that contribute to the food price inflation.

For none of these evils, to hear it from Farm Bureau speakers, is the family farmer to blame.

IT IS HARD FOR THE CONSUMER to believe that everybody in American agriculture is out of step but the family farmer so far as concerns ever-rising food prices, but maybe that is the case. There have of course been suggestions for putting price controls on food, as on every other commodity, but few in government or agriculture or the public would have much confidence in attempting that. Food controls would be very difficult to administer. Evidently our best hope for stopping the rising food budget in the short term is as Peterson suggests, to work for better cooperation and efficiency between the warring elements of the food in handling industry.

U.S.-Japan Exchange

THE JAPANESE GOVERNMENT is paying the United States $320 million for public utilities and other U.S. installations on the island of Okinawa and it is the intent of a bill sponsored by Senator Javits of New York and Representative Esch of Michigan to earmark 10 per cent of those payments for a Japanese-American cultural exchange fund.

This is a time when friction over Japanese exports and the changing China policy of the United States has created what Marshall Green, assistant Secretary of State, has called "a serious problem" in U.S.-Japanese relations. An obvious, easy, and readily available way to improve those relations is offered by the Javits-Esch bill for putting a fractional portion of Japanese payments into a program for Japanese studies and the exchange of students.

THERE HAS BEEN an untimely de-emphasis on such studies in American universities, the major U.S. foundations are diverting grants from those areas, and the U.S. Office of Education is sharply reducing its language centers.

March 28, 1980

TO: Gary Evans

FROM: Mason Gaffney MG.

Re pp. 1-10 of ... Gotha Program, and related matters, if this is as specific as Marx ever got, I don't see how you can take him seriously. I find only 3 or 4 specific commitments to positions here, and they are ambiguous.

E.g., he makes no effort to distinguish "individual means of consumption", p. 9, which workers may own, from "conditions of production", p. 11, which workers will hold as "cooperative property." How many acres of game preserve counts as the former? How many hunting lodges? Most "means of consumption" can be converted into "conditions of production" easily enough.

Tax economists regard property taxation as co-ownership by the state. You can allow homestead exemptions, too, up to a maximum value. Anything beyond that, in Marx's vaguely expressed program, seem to be authoritarian, centralized, punitive (seize property of all opponents and emigrants), military ("industrial armies"), and totalitarian. Is that what you want? Is any part of that what you want?

I don't see how you can dismiss Russian tyranny by saying, "It's a repressive society." Why did a repressive society embrace Marx, when democratic ones rejected him--and also gave him shelter and free speech? Why do so many people want to flee the workers' paradise? Why does the Soviet government block emigration? Why the Berlin Wall? Sure looks like compulsory labor to me.

I can see people being and declaring themselves to be "radical". But I can't see why anyone would call himself a "Marxist". Since Marx has no coherent program, they are evidently then endorsing his style. That is quite a load to assume. To me, it says the person likes to tear down, but will not accept any responsibility to replace or rebuild; a person loves to criticize, but only from the privileged sanctuary of a negative defensiveness shrouded in a private jurgon that conceals the lack of a program other than a Soviet absolutist state. It says the person admires the unfair and vulgar debating ploys Marx uses in his constant attacks on others, and accepts the manifest sickness and hatred in his metaphors and diversions, his rambling, verbose and spiteful prose. It says the person is not disturbued by Marx's writing on and on and never getting to the point (try to find the punch line in Vol. II of Capital, e.g.).

If not that, then what does a person mean by labelling himself a "Marxist"?

Personally I would prefer to get on with the business of building a healthy good society. But I am disturbed by "Marxists" because their choice of him to apotheosize suggests to me that they have some other interest than building a good society. That they get kicks out of destroying, attacking, conspiring and humiliating: and they welcome an antinomian philosophy that places them above petty "bourgeois morality", or any Christian ethics (or Buddhist, Mohammedan, etc.)

To Marx life was a power struggle and maybe that's what I'm missing. But what good is power if you don't know how to use it? That's what he is missing.

But do let me know what else I am missing.

MG:kg

P.S. In the interests of accelerating the improvement of my mind, I'm sending a copy to Nai-Pew, for his comment. He improved my interpretation of Marx once before.

Comments by the mos.

Gary

1. OK. I'm glad to see the Soviet system is viewed objectively & critically. But I wonder if maybe Marx wasn't quite vindictive & hence authoritarian (one leads to the other) himself. After all, he had studied the French Revolution. He knew what to expect.

2. Americans do not claim to be Jeffersonians, as an official philosophy. Hamilton has as many followers, I suspect. Today's radicals depart radically (cont.)

I have just been reading Jefferson's translation of Count Destutt de Tracy, whom Jeff. calls "his economist". Tracy is a bit of Say, A. Smith, Turgot, & H. George. Not a Jarvis populist, although he argued that govts. waste money.

3. ~~If~~ It is up to intellectuals to be practical — design a system that ordinary people can handle.

4. OK, I'll try again. The first try was a bomb. No dialogue accepted.

5. I'll bite, what? I hope it includes some incentive for saving & investing — & refraining from dissaving, depatriating, etc. This seems to be a central issue.

from Jeff, who was anti-statist + decentralist.

Aug 27

Mason:

(1) It is stretching it quite a bit to call the Soviet Union a "Marxist utopia." Would you say that this farcical presidential election between Carter and Reagan is the utopian realization (2) of Jeffersonian democracy?

Intellectuals set an ideal and practical men and women try to turn that ideal into a reality. In the process they can really miss the mark. Most Marxists would say this has been the case for the Soviet Union and I would say this has also been the case, in America, for Jeffersonian democracy. Good intentions are led (3) astray by the corrupt and mediocre practitioners.

If you want to know what these Socialists want, (4) ask them. If they can't give you a fairly complete answer, then they probably don't know what they want.

(5) I have a pretty clear idea of what I think Socialism should mean, although I'm not a Marxist.

Gary

October 8, 1980

ANNOUNCEMENT

The Seminar on Henry George is being postponed one week, from Thursday, October 9, to Thursday, October 16. This is to allow the Speakers Committee adequate time to order refreshments, find a good location, and publicize in the usual lavish manner.

New Date: Thursday, October 16, 3:30-5:30 p.m.

New Place: 2240 Watkins

Same Old Speaker: Mason Gaffney

Topic: Henry George: Synthesizing Common Entitlements and Free Markets

Mystery and Suspense: Will the Economics Department "Proudly Present" this event?

MG:pw