



INVITATION TO LEARNING

Presents

Dr. Harry D. Gideonse

Joseph D. McGoldrick

Jacques Barzun

On Sunday, February 28, through the courtesy of Columbia Broadcasting System, several million people heard an evaluation of "Progress and Poverty" and its author, Henry George. Chairman of the broadcast program was Harry D. Gideonse, President of Brooklyn College, and noted author and economist. His guests were Joseph D. McGoldrick, Comptroller of the City of New York, and former Professor of Government at Columbia University; and Jacques Barzun, Professor of History, and writer on social and historical subjects.

For reasons of space, the program has been slightly condensed herein. Every effort, however, was made by the editors to faithfully record the spirit and intent of each speaker.

GIDEONSE: Henry George's "Progress and Poverty" is one of the great bibles of social reform. All over the world, and certainly all over America, there are groups of people who regard "Progress and Poverty" in just about the same way that Socialists and Communists are likely to look upon Karl Marx's "Capital." It's a very striking phenomenon, the almost religious devotion that many of them have for the book. And the book is specifically an American product.

BARZUN: There is a reason for that, isn't there. The book came out of very definite conditions in California, where Henry George was living. He began by writing a little tract on the land question. In California, history was in the making very rapidly. All sorts of social phenomena that had taken centuries to occur in Europe or in America, were happening there under the man's eyes during his own lifetime. He saw that something had to be done—to analyze the reason why with increasing progress in material conditions, there was increasing poverty.

GIDEONSE: Yes, the thing that worried him was the enormous productivity of human effort on the virgin soil in California, and at the same time the evidence that in a very short period of time a great concentration of land ownership had grown up. That suggested the idea that this was the privilege that should be reached in the form of taxes. Does that appeal to the Comptroller in you, McGoldrick?

McGOLDRICK: He was also able to demonstrate, without much reference to history, that

practically all of the land had been free at the coming of the white man to America, and all of it had been appropriated practically without any payment. He was inclined to regard land as taking a disproportionate share of the wealth produced by labor and capital. He seems to have had almost as much concern for capital's right in the product as for labor. He was hostile to that which the land-owner got for no better reason than he had been lucky enough—himself or his ancestors—to have expropriated the land. Now, you could go at it either through a legal notion that the titles were titles based on theft and, therefore, void *ab initio*, or you could go at it through a scheme of taxes that would tax away the right in land—not the buildings, which were themselves a capital product—but the land which was the common right of the whole people.

BARZUN: This feeling about expropriation is also an American idea which he found embodied in the Preamble to the Declaration of Independence—that all men are created equal; consequently, they have equal rights to the things that the Creator gives them. The one thing that the Creator gives is the earth, and he saw no reason why some people should have title to parts of it, and others be excluded from it.

GIDEONSE: Henry George set up a very sharp contrast between the people who brought labor and capital to production, and the people who got their income from the ownership of land and resources. As George saw it, they were not contributing anything at all, and were claiming an ever increasing share of the national income.

McGOLDRICK: The political remedy proposed was therefore to tax away the rent which came from the natural resource in contrast with what was a payment for the capital and labor that went into the buildings and the material improvements.

BARZUN: And that would include taxing the increased value of land which came from the labor of others. The improvements which somebody else makes in the neighborhood of a piece of land, thus raising its price, is a benefit which the owner of that piece of land, according to George and according to any reasoning, has no right to.

GIDEONSE: In modern language, that is unearned increment. That would be the value added to a piece of property, not by anything you do yourself, but because somebody else has put up a very attractive store or theatre or because the city has built a new subway. Now, aren't we, in fact, getting a great deal of our municipal tax income today from assessments that correspond to that?

McGOLDRICK: Well, to some degree. Certainly our tax theory has recognized that a parkway or a subway does add to the value of land. It's reflected in current sales of land, so that our taxes do go up with both public and private improvements, such as Radio City, near to us here. But we do not attempt to recapture that increment, but rather to use that increment as a basis for a higher current tax.

BARZUN: The book is bigger than that notion!

LIBERTY AND JUSTICE

GIDEONSE: Oh, the book is infinitely more significant than that fiscal technicality. I think the book is handicapped by the extent to which it is anchored in that one specific proposal. The book as a whole is much stronger than this one idea, and its strength lies in the fact that it goes way beyond economics and land ownership; that it tries to project the picture into the future with a deep concern for liberty and justice. It's a rare book also in the sense that it ties in ethical and religious ideals with those considerations of a more material and economic sort. A mere glance at the growth in government services and government expenses since George's time, makes it clear that even if we should now act on his recommendation to tax pure rent 100%, we wouldn't have enough to pay for the government services that are now expected by the American people.

BARZUN: Nor is monopoly limited to land monopoly in our day.

GIDEONSE: That's right. It's a cancer that is always taking new forms, and we can sometimes hardly discover its new symptoms early enough to prevent the damage done.

McGOLDRICK: Land today is hardly the most important monopoly; land ownership is pretty widely scattered. Certainly public ownership of land is greatly increased since George's time.

BARZUN: There is a wonderful descriptive power that George displays in analyzing modern civilization. Conditions haven't changed very much in the last eighty years, and he points out with great sharpness and vividness what happens when progress invades a virgin territory, what results for the people who, with the best will in the world

and great talents, go there to build what they think is civilization; he points out that misery, disappointment, despair, are the result. We've all more or less come to see that it is a real question, and not the question of a crank.

GIDEONSE: What he's concerned about is the inequality in the returns to all the people entering a new territory of that sort.

BARZUN: And the insecurity to all, even those who succeed in the competitive struggle.

GIDEONSE: And it's the more convincing because he is so concerned in a constructive way with the rights of labor as well as capital. After all, the people who are typically concerned about inequality, are likely to carry with their concern for inequality a bias against either, let's say, trade unions or a bias against organized big business. George brings a bias in favor of trade and industry and labor, in favor of the productive elements, and his analysis of the injustices of inequality is, therefore, more convincing.

BARZUN: Yes, he keeps insisting on the falsity of the class struggle—the opposition between capital and labor. He was very critical of Karl Marx. You have only to read George's later books.

McGOLDRICK: There's an interesting report, the British Uthwatt Report, which proposes the nationalization of the future development rights of undeveloped land. While it proposes to compensate for these rights, the suggestion is made in the report that the compensation should be rather nominal, since the rights are so speculative and dependent upon community or national effort.

GIDEONSE: That is an effort to take pure rent before it has developed into a large slice of the national income. That would look like a reform of which Henry George would have approved.

McGOLDRICK: Well, it is put forward in England now as practically essential to a scheme of national planning.

BARZUN: But, on the whole, the notion of planning, I think would have been anathema to George. He believed in doing only one thing, which would right the existing injustices, and letting everything else take care of itself.

GIDEONSE: Fundamentally George has a deeper faith than you'll find in a good deal of classical orthodox economics in leaving things alone—in *laissez faire*. If only you make sure that there could not be a large slice of the national income going to monopoly! To him the chief monopoly was in land ownership. I think the way to read him today, though, is to admit that if George had looked at the world as it is now constituted, his book would have directed most of its drive against monopoly

of other forms that have developed since the time he wrote about land.

BARZUN: It's very likely, but then he'd have a terrible struggle with his wish for equality of an economic sort, on the one hand, and his distaste for bureaucracy and government interference, on the other.

McGOLDRICK: That's right. He's so complete an individualist that he tends to overlook the fact that individual effort may actually diminish as well as increase the value of land. If my neighbor erects a building of an unsightly character he may actually diminish the value of my land instead of giving me an unjust increment, and George at no point concerns himself with that individualistic use of land to the detriment of others.

GIDEONSE: The city, in order to protect its tax income from property, has had to interfere with the right of the individual owner to do as he pleases. The very owners themselves have had to act first. Originally there was great opposition to this as a deprivation of rights in property, but today purchasers will not buy, and real estate people insist on zoning laws that will protect the purchaser.

BARZUN: However, George does say in one phase of his thought, that natural rights have to be constantly redefined in the light of existing conditions—that they cannot be static.

GIDEONSE: What interests me is that in England, Henry George and Georgeism helped to fertilize and stimulate a movement towards socialism, towards, in other words, bureaucratic controls, towards a collectivist society and towards economic controls that are not subject to the market and to market influence. If I read "Progress and Poverty" aright, that is the very thing to which George was most sharply opposed. That's what he resented most in current tendencies as he saw them developing in America.

BARZUN: He probably thought that in America there was plenty of room for everybody and, if everyone were given a fair opportunity the relation between man and man would be a friendly one, since where there is space there wouldn't be friction; whereas in England in the eighties it was clear that they were so crowded together that, unless an outside hand kept people from piling on top of one another, there would be only chaos. Many of the illustrations in "Progress and Poverty" are drawn from English landholdings. The Duke of Westminster comes in as the chief villain of the piece for owning more than half of London.

GIDEONSE: If you look at that picture in terms of some of the experiences on this side, you have, first of all, a different historical problem, and then a very large amount of what looks like

large landholding in the United States is in fact a land ownership by a large number of little folks who share in the ownership of, say, the equities of an insurance company or a bank?

McGOLDRICK: The largest land-holding in the United States is brought together through insurance companies, savings banks and other trustee institutions—really, the small investors, the little people who depend on insurance or on saving bank deposits for their investment.

FREE TRADE

BARZUN: One thing that struck me, in reading this book again, was that Henry George entirely neglects the international aspect of things. He forgets the political relations between nations which leads to protectionism, which led to some of the things that finally make for the misery he describes.

McGOLDRICK: But he did criticize protection and protectionism.

BARZUN: Yes, but he sees it only as a mistaken economic policy. He doesn't see it as a political measure.

GIDEONSE: He was a very eloquent free trader. He did a whole book on protection and free trade, that is very readable today. But it's quite true that he leaves the political and military motivation out completely. However, most of the people at that period who discussed tariff and free trade left politics out. It was discussed only as a political interference with legitimate economic freedom.

BARZUN: It was believed that if we could have free trade, we'd naturally prefer it, which is by no means a true statement.

GIDEONSE: At the bottom George's "Progress and Poverty" is a book that is almost the exact opposite of Karl Marx's "Capital" in the literature of social reform.

BARZUN: Yes, the opposite in every way. You mentioned literature; this is a magnificently written book, which no one would ever accuse Karl Marx's "Capital" of being.

McGOLDRICK: And it has a very positive undertone of ethical and religious force.

GIDEONSE: I think no one would accuse Karl Marx's writings of that either.

BARZUN: Marx excludes ethical forces.

GIDEONSE: If you take this contrast with the modern tendency towards organizing everything, trade unions, corporations, and international cartels, there is a possibility that this book may have in it the seeds of another period of extreme vitality. It is possible that the excesses of the organizers may lead to a revival of a faith in leaving folks alone—a reaction against excessive

interference with the details of economic life?

McGOLDRICK: This book was particularly addressed to the problem of depression. He was seeking in "Progress and Poverty" the causes of depression. There is some very solid sense in this volume about economic relationships.

BARZUN: Yes, but, Gideonse, I don't quite understand how you think that a new competitive individualistic era may find this book a source of strong arguments. Do you think that the present tendency towards organization may be reversed?

GIDEONSE: I believe that it's running to excess in countries like, say, the United States, as well as in Germany. I could conceive of a generation, say, fifteen or twenty years from now reading Henry George and Adam Smith with a new sense of their meaning, a sense of current importance which we lost in the nineteenth and early twentieth century, because we were living on the fat of the earth, and on some of the most productive consequences of free enterprise, and we therefore concentrated on the weaknesses of the system.

BARZUN: But is it a movement that can be reversed by will, by merely deciding that there's a good in it somewhere?

GIDEONSE: That, of course, is a very big question, but insofar as ideas and books play a role in a social movement, I should think this one has possibilities. I note with interest that when you speak to American adherents of Henry George, they are likely to be among the most intelligent and best-informed critics of some of the worst mistakes of our protectionist and New Deal legislation. And in that sense it has become a bible for a group that might someday make a political issue out of the reaction against excessive governmental interference with the details of economic life. I don't say it will, but it might.

BARZUN: The question is whether individualism is compatible with large units, huge nations, and big industries.

GIDEONSE: It may be that because of such strong impersonal trends there isn't any hope for a return to a more individualist life. But, this book has such a grasp of some of the underlying ideas that lead to totalitarianism! I have here a phrase, for instance, which has a prophetic quality about it, where he speaks about the consequences of philosophic free thinking on the religion of the time; that nothing is taking the place of the religion that is being destroyed, and that we will have changes in the history of the race which may provoke the mightiest reactions and, therefore, consequences to freedom and justice.

BARZUN: Yes, he even predicts dictatorship and anarchy unless his remedy, or a remedy equivalent to it, is adopted.

GIDEONSE: If you look at the modern world

you'll see a certain amount of evidence confirming George's conviction that moral factors were being overlooked in the defense of freedom.

BARZUN: Half of that has come about anyway.

GIDEONSE: George saw clearly that shared moral convictions were the essence of freedom.

BARZUN: The need for a common belief. We're rediscovering religion in that light, at any rate—the social rather than the philosophical side of religion.

GIDEONSE: Yes, we are discovering it as the core that's necessary if a free society is to endure. In other words, this fellow was fighting for free competitive controls with a full understanding of the moral as well as economic pre-requisites that are essential if a free society is to endure.

BARZUN: And one part in it is that a vested interest is something different from an individual desire to make one's place in the world. A vested interest is impersonal—it has no human meaning.

McGOLDRICK: Henry George voices a very definite American desire for freedom and liberty, the kind of reaction that we're getting at the present time. . . . It's very deep and profound and thoroughly American, and there's going to be a revival of that. Whether it can be reconciled with economic tendencies of our times may be open to doubt, but it's certainly there, and it's going to be a factor in both the political and economic realm.

BARZUN: What do we need to give up in order to recapture those freedoms? That's the grave question. And the economic tendencies may, after all, themselves simply be a reflection of a change in the purpose of human beings. If you don't assume that, you apparently take the materialist position, that the economics determine all the other things. George did not do that.

GIDEONSE: He has a very striking paragraph on the corruption which might grow out of too much government influence. It is in one of the final chapters of "Progress and Poverty." It runs as follows: "As in England, in the last century, when Parliament was but a close corporation of the aristocracy, a corrupt oligarchy, clearly fenced off from the masses, may exist without much effect on national character because in that case power is associated in the popular mind with other things than corruption. But where there are no hereditary distinctions and men are habitually seen to raise themselves by corrupt qualities from the lowest places to wealth and power, tolerance of these qualities finally becomes admiration. A corrupt democratic government must finally corrupt the people, and when a people become corrupt there is no resurrection. The life is gone; only the carcass remains, and it is left but for the plowshares of fate to bury it out of sight."