

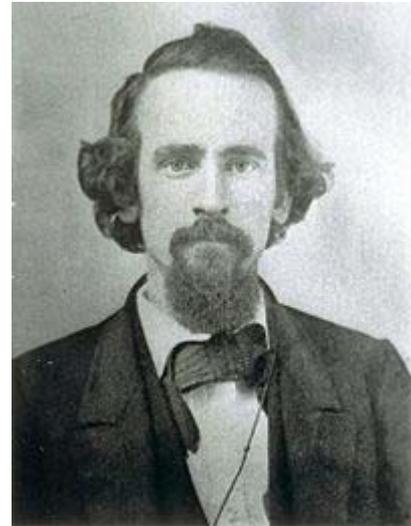
Henry George

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Henry George (September 2, 1839 – October 29, 1897) was an American writer, politician and political economist, who was the most influential proponent of the land value tax, also known as the "Single Tax" on land. He inspired the philosophy and economic ideology known as Georgism, that holds that everyone owns what they create, but that everything found in nature, most importantly land, belongs equally to all humanity. His most famous work is *Progress and Poverty* written in 1879; it is a treatise on inequality, the cyclical nature of industrial economies and possible remedies.

Henry George

Classical economics



Henry George

Birth	September 21, 1839
Death	October 29, 1897 (aged 58)
Nationality	American
Contributions	Georgism; studied land as a factor in economic inequality and business cycles; proposed land value tax

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Biography

George was born in Philadelphia, Pennsylvania to a lower-middle class family, the second of ten children of Richard S. H. George and Catharine Pratt (Vallance) George. His formal education ended at age 14 and he went to sea as a foremast boy at age 15 in April 1855 on the *Hindoo*, bound for Melbourne and Calcutta. He returned to Philadelphia after 14 months at sea to become an apprentice typesetter before settling in California. After a failed attempt at gold mining he started to work his way up through the newspaper industry in 1865, starting as a printer, continuing as a journalist, and ending up an editor and proprietor. He worked for several papers, including four years (1871-1875) as editor of his own *San Francisco Daily Evening Post*.

In California, George fell in love with Annie Corsina Fox, an eighteen-year-old Australian girl who had been orphaned and was living with an uncle. The uncle, a prosperous, strong-minded man, was understandably

opposed to his niece's penniless suitor. But the couple, defying him, eloped and married in late 1861, with Henry dressed in a borrowed suit and Annie bringing only a packet of books. The marriage was a happy one and four children were born to them. Fox's mother was Irish Catholic, and while George remained an Evangelical Protestant, the children were raised Catholic. On November 3, 1862 Annie gave birth to future United States Representative from New York, Henry George, Jr. (1862 - 1916). Early on, with two sons born by 1865, the family was near starvation, but George's growing reputation and involvement in the newspaper industry lifted them from poverty.

George began as a Lincoln Republican, but then became a Democrat, once losing election to the California State Assembly. He was a strong critic of railroad and mining interests, corrupt politicians, land speculators, and labor contractors.

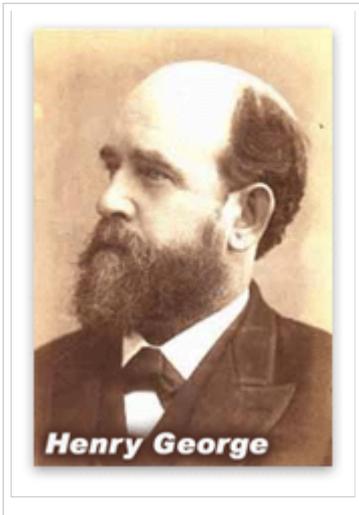
One day in 1871 George went for a horseback ride and stopped to rest while overlooking San Francisco Bay. He later wrote of the revelation that he had:

“ I asked a passing teamster, for want of something better to say, what land was worth there. He pointed to some cows grazing so far off that they looked like mice, and said, 'I don't know exactly, but there is a man over there who will sell some land for a thousand dollars an acre.' Like a flash it came over 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 more for the privilege.^[1] ”

Furthermore, on a visit to New York City, he was struck by the apparent paradox that the poor in that long-established city were much worse off than the poor in less developed California. These observations supplied the theme and title for his 1879 book *Progress and Poverty*, which was a huge success, selling over 3 million copies. In it George made the argument that a sizeable portion of the wealth created by social and technological advances in a free market economy is captured by land owners and monopolists via economic rents, and that this concentration of unearned wealth is the root cause of poverty. George considered it a great injustice that private profit was being earned from restricting access to natural resources while productive activity was burdened with heavy taxes, and held that such a system was equivalent to slavery - a concept somewhat similar to wage slavery. The appropriation of oil royalties by magnates of petrol-rich countries may be seen as an equivalent form of rent-seeking activity: since natural resources are given freely by Nature rather than being products of human labor or entrepreneurship, no single individual should be allowed to acquire unearned revenues by monopolizing their commerce. The same holds true about every other mineral and biological raw resource.

George was in a position to discover this pattern, having experienced poverty himself, knowing many different societies from his travels, and living in California at a time of rapid growth. In particular he had noticed that the construction of railroads in California was pushing up land values and rents as fast or faster than wages were rising.

Policy proposals



Monopolies

George advocated taxation, regulation or state ownership of natural monopolies. He supported a state-run telegraph service and municipal control of water supplies. On railroads he was more flexible, sometimes suggesting that rolling stock could be privately operated so long as the tracks were owned by the state. He was highly critical of state-sanctioned monopolies and advocated they be dismantled if possible, for example, by replacing patents with government-supported incentives for invention and scientific investigation.

Chinese immigration

Some of George's earliest articles to gain him fame were on his opinion that Chinese immigration should be restricted.^[2] Although he thought that there might be some situations in which immigration restriction would no longer be necessary and admitted his first analysis of the issue of immigration was "crude", he defended many of these positions for the rest of his life.^[3] In particular he argued that immigrants accepting lower wages had the undesirable effect of forcing down wages generally. He acknowledged, however, that wages could only be driven down as low as the prevailing alternative for self-employment. Therefore, his position on immigration (at least, later in his life) must be seen in the context of his overall views on the labor market, and the access of labor to natural opportunities.

The Single Tax on Land

Henry George is best known for his argument that the economic rent of land should be shared by society rather than falling into private hands. The clearest statement of this view is found in *Progress and Poverty*: "We must make land common property."^[4] Although this could be done by nationalizing land and then leasing it out George preferred taxing unimproved land value, in part because this would be less disruptive and controversial in a land where titles have already been granted to individuals. With this "single tax" the state could avoid having to tax any other types of wealth or transaction. Introducing a large land value tax causes the value of land titles to fall correspondingly, but George was uncompromising about the idea of compensation for landowners, seeing the issue as a parallel to the earlier debate about compensating former slave owners.

Modern economists like the 1976 Nobel Memorial Prize winner Milton Friedman agree that Henry George's land tax is potentially beneficial because unlike other taxes, land taxes impose no excess burden on the economy, and thus stimulate more rapid economic growth. Modern-day environmentalists have resonated with the idea of the earth as the common property of humanity – and some have endorsed the idea of ecological tax reform, including substantial taxes or fees on pollution as a replacement for "command and control" regulation.

Free Trade

Overall, George desired unfettered free markets and significant social programs made possible by an economically efficient tax on land value and the abolition of all other taxes, so it is only natural that he was opposed to tariffs, which were at the time both the major tool of protectionist trade policy and an important source of revenue - the federal income tax having not yet been introduced. Later in his life free trade became a major issue in federal politics in a way that land tax never did, and his book *Protection or Free Trade* was read into the Congressional Record by five Democratic congressmen. George believed that government had a responsibility to secure freedom, by enacting laws that secure basic human rights. Therefore, the removal of tariff restrictions was, in his view, only the first step toward what he called "true

free trade." To achieve this, society would have to remove the fundamental monopoly of private land ownership, a systemic market failure that inhibits trade on many levels.

Secret Ballots

George was one of the earliest, strongest and most prominent advocates for adoption of the Australian Ballot in the U.S.A. ^[5]

Political career

In 1880, now a popular writer and speaker^[6], George moved to New York City, becoming closely allied with the Irish nationalist community despite being of English ancestry. From there he made several speaking trips abroad to places such as Ireland and Scotland where access to land was (and still is) a major political issue. In 1886 George ran for mayor of New York City on the ticket of the United Labor Party, the short lived political wing of the Central Labor Union. He polled second, ahead of the Republican candidate Theodore Roosevelt. The race was won by Tammany Hall candidate Abram Stevens Hewitt through what many of George's supporters believed was fraud. In the 1887 New York state elections George came in a distant third in the race for Secretary of State. The United Labor Party was soon weakened by internal divisions: the leadership was essentially Georgist, but as a party of organised labor it also included some Marxist members who did not want to distinguish between land and capital, many Catholic members who were discouraged by the excommunication of Father Edward McGlynn, and many who disagreed with George's free trade policy. Against the advice of his doctors, George ran for mayor again in 1897, this time as an independent Democrat. He died of a stroke four days before the election. An estimated 100,000 people attended his funeral.



The grave of Henry George, Green-Wood Cemetery, Brooklyn, New York.

Subsequent influence

In Britain in 1909, the Liberal Government of the day attempted to implement his ideas as part of the People's Budget. This caused a crisis which led indirectly to reform of the House of Lords. George's ideas were also taken up to some degree in Australia, Hong Kong, Singapore, South Africa, South Korea, and Taiwan. In these countries, governments still levy some form of land value tax, albeit with exemptions.

Hong Kong is perhaps the best example of the successful implementation of a high land value tax. The Hong Kong government generates more than 35% of its revenue from land taxes, and keep their other tax rates low.^[7]

Although both advocated worker's rights, Henry George and Karl Marx were antagonists. Marx saw the Single Tax platform as a step backwards from the transition to communism.^[8] On his part, Henry George predicted that if Marx's ideas were tried the likely result would be a dictatorship.^[9]

Henry George's popularity gradually declined in the 20th century, and he is little known today. However, there are still many Georgist organizations in existence. Many people who still remain famous were heavily influenced by him. For example, George Bernard Shaw [2] (<http://www.blackwell-synergy.com/doi/abs/10.1111/j.1536-7150.1990.tb02266.x?journalCode=ajes>) , Leo Tolstoy [3] (http://en.wikisource.org/wiki/To_The_Working_People) [4] (http://www.cooperativeindividualism.org/tolstoy_preface_to_hgeorge_social_problems.html) , Sun Yat Sen [5] (http://www.cooperativeindividualism.org/trescott-paul_henrygeorge-and-sun-yat-sen.html) , Herbert Simon

[6] (<http://www.nobel.se/economics/laureates/1978/simon-autobio.html>) , and David Lloyd George. A follower of George, Lizzie Magie, created a board game called The Landlord's Game in 1904 to demonstrate his theories. After further development this game led to the modern board game Monopoly. [7] (<http://www.adena.com/adena/mo/mo05.htm>)

Also notable is Silvio Gesell's *Freiwirtschaft* [8] (<http://www.cooperativeindividualism.org/newland-terry-on-silvio-gesell.html>) , in which Gesell combined Henry George's ideas about land ownership and rents with his own theory about the money system and interest rates and his successive development of Freigeld.

In his last book, *Where do we go from here: Chaos or Community?*, Martin Luther King, Jr referenced Henry George in support of a guaranteed minimum income.[9] (<http://www.progress.org/dividend/cdking.html>) George's influence has ranged widely across the political spectrum. Noted progressives such as consumer rights advocate (and U.S. Presidential candidate) Ralph Nader [10] (<http://web.archive.org/web/20040828085138/http://www.votnader.org/issues/index.php?cid=7>) and Congressman Dennis Kucinich [11] (<http://www.monetary.org>) have spoken positively about George in campaign platforms and speeches. His ideas have also received praise from conservative journalists William F. Buckley, Jr. [12] (http://www.wealthandwant.com/docs/Buckley_HDH.htm) and Frank Chodorov [13] (http://www.cooperativeindividualism.org/chodorov-frank_on-natural-law.html) , as well as free-market economists such as Milton Friedman [14] (<http://www.wealthandwant.com/themes/Friedman.html>) , Fred E. Foldvary [15] (<http://www.progress.org/fold47.htm>) and Stephen Moore [16] (http://members.aol.com/_ht_a/tma68/geolib.htm) . The libertarian political and social commentator Albert Jay Nock [17] (http://www.wealthandwant.com/docs/Nock_HGUA.htm) was also an avowed admirer, and wrote extensively on the Georgist economic and social philosophy.

Mason Gaffney, an American economist and a major critic of neoclassical economics from a Georgist point of view, argued that neoclassical economics was designed and promoted by landowners and their hired economists to divert attention from George's extremely popular insight that since land and resources are provided by nature, and their value is given by society, they - rather than labor or capital - should provide the tax base to fund government and its expenditures.^[10]

The Henry George Foundation of America[18] (<http://www.henrygeorgefoundation.us/>) , a 501(c)(4) non-profit foundation, was founded in 1926 by some of the leading lights of the progressive Democratic Party in Pittsburgh, Pennsylvania: Pittsburgh Mayors Scully and McNair, City Assessor Percy Williams, State Senator and Allegheny County Democratic Chairman Bernard B. McGinnis, and Councilman George Evans (driving force behind Buhl Planetarium). Its national office is now located in Philadelphia, where Henry George was born.

The Center for the Study of Economics[19] (<http://www.urbantools.org/about-cse>) , a 501(c)(3) non-profit educational foundation, was established in 1980 as the sister organization of the Henry George Foundation of America. Its mission is to research land value taxation, to assist governments in implementation and to study the effect of land based property taxation where used. It suggests implementation where appropriate but does not support political candidates or become involved in the electoral process. The Center also gathers and disseminates articles, studies and monographs on the subject of land based taxation.

The Henry George Foundation of America and The Center for the Study of Economics played instrumental roles in helping nearly 20 Pennsylvania cities transform their local property tax into a revenue source which taxes land value more and improvement value less. As a pilot for a North American Land Value Tax Project, these organizations have created the Maryland Land Value Tax Project[20] (<http://www.marylandlandtax.org/>) has a means of allowing citizens, elected officials and policy analysts to estimate the net property tax change effects of an incremental implementation of Henry George's land value tax.

The Robert Schalkenbach Foundation [21] (<http://schalkenbach.org/>) , an incorporated "operating foundation," also publishes copies of George's work on economic reform and sponsors academic research

into his policy proposals[22] (<http://schalkenbach.org/what-we-do.html>) .

Economic contributions

George developed what he saw as a crucial feature of his own theory of economics in a critique of an illustration used by Frédéric Bastiat in order to explain the nature of interest and profit. Bastiat had asked his readers to consider James and William, both carpenters. James has built himself a plane, and has lent it to William for a year. Would James be satisfied with the return of an equally good plane a year later? Plainly not! He'd expect a board along with it, as interest. The key to a theory of interest is to understand why. Bastiat said that James had given William over that year "the power, inherent in the instrument, to increase the productivity of his labor," and wants compensation for that increased productivity.

George did not accept this explanation. He wrote, "I am inclined to think that if all wealth consisted of such things as planes, and all production was such as that of carpenters -- that is to say, if wealth consisted but of the inert matter of the universe, and production of working up this inert matter into different shapes, that interest would be but the robbery of industry, and could not long exist." But some wealth is inherently fruitful, like a pair of breeding cattle, or a vat of grape juice soon to ferment into wine. Planes and other sorts of inert matter (and the most lent item of all -- money itself) earn interest indirectly, by being part of the same "circle of exchange" with fruitful forms of wealth such as those, so that tying up these forms of wealth over time incurs an opportunity cost.

George's theory drew its share of critiques. Austrian school economist Eugen von Böhm-Bawerk, for example, expressed a negative judgment on George's discussion of the carpenter's plane:

In the first place, it is impossible to support his distinction of the branches of production into two classes, in one of which the vital forces of nature are supposed to constitute a special element which functions side by side with labour, and in the other of which this is not true. [...] The natural sciences have long since proved to us that the cooperation of nature is universal. [...] The muscular movements of the person using the plane would be of little use, if they did not have the assistance of the natural forces and properties of the plane iron.

Later, George argued that the role of time in production is pervasive. In "The Science of Political Economy", he writes:^[11]

[I]f I go to a builder and say to him, "In what time and at what price will you build me such and such a house?" he would, after thinking, name a time, and a price based on it. This specification of time would be essential.... This I would soon find if, not quarreling with the price, I ask him largely to lessen the time.... I might get the builder somewhat to lessen the time... ; but only by greatly increasing the price, until finally a point would be reached where he would not consent to build the house in less time no matter at what price. He would say [that the house just could not be built any faster]....

The importance ... of this principle that all production of wealth requires time as well as labor we shall see later on; but the principle that time is a necessary element in all production we must take into account from the very first.

According to Oscar B. Johannsen, "Since the very basis of the Austrian concept of value is subjective, it is apparent that George's understanding of value paralleled theirs. However, he either did not understand or did not appreciate the importance of marginal utility."^[12]

Another spirited response came from British biologist T.H. Huxley in his article "Capital - the Mother of Labour," published in 1890 in the journal *The Nineteenth Century*. Huxley used the principles of energy science to undermine George's theory, arguing that, energetically speaking, labor is unproductive.

George's early emphasis on the "productive forces of nature" is now dismissed even by otherwise Georgist authors; however, his time-based theory of interest is generally seen as a substantial improvement over

Bastiat and David Ricardo's theories.

Notes

- [^] Quoted in Nock, Albert Jay. "Henry George: Unorthodox American, Part I (http://www.cooperativeindividualism.org/nock_henry_george_01.html)".
- [^] "Chinese immigration" (<http://www.econlib.org/library/YPDBooks/Lalor/lICy213.html>) . Library of Economics and Liberty.
- [^] ."Second Period:Formulation of the Philosophy" (<http://www.henrygeorge.org/LIFEofHG/LHG2/lhg201.htm>) , www.henrygeorge.org
- [^] George, Henry (1879). "2". *Progress and Poverty: An Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth*. **VI**. <http://www.econlib.org/library/YPDBooks/George/grgPP26.html>. Retrieved on 2008-05-12.
- [^] 'Jill Lepore' (2008-10-13). "'Rock, Paper, Scissors: How we used to vote'". *New Yorker*. New Yorker. http://www.newyorker.com/reporting/2008/10/13/081013fa_fact_lepore.
- [^] According to his granddaughter Agnes de Mille, *Progress and Poverty* and its successors made Henry George the third most famous man in the USA, behind only Mark Twain and Thomas Edison. [1] (<http://www.henrygeorgefoundation.us/>)
- [^] "'Land Tax' and high land prices in Hong Kong". *Policy Papers*. Hong Kong Democratic Foundation. <http://www.hkdf.org/pr.asp?func=show&pr=24>. Retrieved on 2008-05-12.
- [^] Karl Marx - Letter to Friedrich Adolph Sorge in Hoboken (http://www.marxists.org/archive/marx/works/1881/letters/81_06_20.htm)
- [^] Henry George's Thought [1878822810] - \$49.95 : Zen Cart!, The Art of E-commerce (http://bookstore.autonomeia.org/index.php?main_page=pubs_product_book_info&products_id=333)
- [^] Gaffney, Mason and Harrison, Fred. *The Corruption of Economics*. (London: Shephard-Walwyn (Publishers) Ltd., 1994) ISBN 085638162X (hardback), ISBN 0856381530 (paperback).
- [^] Cited in Yeager, Leland B. Henry George and Austrian economics - History of Thought. The American journal of economics and sociology (Am. j. econ. sociol.) ISSN 0002-9246.
- [^] Johannsen, Oscar B. Henry George and the Austrian economists. The American journal of economics and sociology (Am. j. econ. sociol.) ISSN 0002-9246. Abstract.

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- *Progress and Poverty* (<http://www.econlib.org/library/YPDBooks/George/grgPP.html>) (1912, first published 1879. Definitive, free, searchable on Econlib.)
- *The Land Question 1881* (<http://www.grundskyld.dk/1-LandQuestion.html>)
- *Social Problems* (<http://www.schalkenbach.org/library/george.henry/spcont.html>) 1883
- *Protection or Free Trade* (<http://www.mises.org/studyguide.aspx?action=author&Id=169>) 1886
- **George, Henry** (July 1887). "The New Party". *The North American review* (University of Northern Iowa) **145** (368): 1–8. <http://cdl.library.cornell.edu/cgi-bin/moa/moa.cgi?notisid=ABQ7578-0145-3>.
- *Protection or Free Trade* (<http://www.econlib.org/library/YPDBooks/George/grgPFT.html>) (1905, first published 1886. Definitive, free, searchable on Econlib.)
- *A Perplexed Philosopher 1892* (<http://www.grundskyld.dk/0-Perplexed.html>)
- *The Science of Political Economy* (<http://www.henrygeorge.org/science/speindex.html>) 1898

See also

- Geolibertarianism

- Georgism
- Henry George Theorem
- Land Value Tax
- Left-libertarianism
- Spaceship Earth
- Charles Hall - An early precursor to Henry George

External links

- The Henry George Foundation (United Kingdom) (<http://www.henrygeorgefoundation.org/>)
- The Henry George Foundation of America (<http://www.henrygeorgefoundation.us/>)
- The Life of Henry George, by Henry George Jr, 1904 (<http://www.henrygeorge.org/LIFEofHG/>)
- Henry George Papers, New York Public Library (<http://www.nypl.org/research/chss/spe/rbk/faids/george.html>)
- Biography of Henry George. Library of Economics and Liberty (Econlib) (<http://www.econlib.org/library/Enc/bios/George.html>)
- Progress and Poverty, by Henry George, complete, free, definitive edition (1912, first published 1879), Library of Economics and Liberty (Econlib) (<http://www.econlib.org/library/YPDBooks/George/grgPP.html>)
- Protection or Free Trade, by Henry George, complete, free, definitive edition (1905, first published 1886), Library of Economics and Liberty (Econlib) (<http://www.econlib.org/library/YPDBooks/George/grgPFT.html>)
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- The New Jersey Land Value Tax Project (<http://www.newjerseylandvaluetax.org/>)
- The New York Land Value Tax Project (<http://www.newyorklandvaluetax.org/>)
- The Indiana Land Value Tax Project (<http://www.indianalandvaluetax.org/>)
- The Henry George Institute - Understanding Economics (<http://www.henrygeorge.org/>)
- The Henry George School (<http://www.henrygeorgeschool.org>) , founded 1932.
- Robert S. Schalkenbach Foundation (<http://www.schalkenbach.org/>)
- Online Works of Henry George (<http://www.schalkenbach.org/library/george.henry/>)
- Wealth and Want (<http://www.wealthandwant.com/>)
- Prosper Australia (<http://www.prosper.org.au/>)
- A Henry George Primer (<http://www.dollarsandsense.org/archives/2006/0306gluckman.html>) from Dollars & Sense
- The Complete Works of Henry George (<http://fax.libs.uga.edu/HB171xG348c/>) . Publisher: New York, Doubleday, Page & company, 1904. Description: 10 v. fronts (v. 1-9) ports. 21 cm.. (searchable facsimile at the University of Georgia Libraries; DjVu & layered PDF (<http://fax.libs.uga.edu/HB171xG348c/1f/>) format)
- The Crime of Poverty by Henry George (<http://www.historyisaweapon.com/defcon1/georgecripov.html>)
- Georgism - A Review (<http://arachnid.apana.org.au/johna/george/intro.html>) Some mildly critical private commentary
- Henry George Photograph part of the Nineteenth Century Notables Digital Collection at Gettysburg College (<http://gettysburg.cdmhost.com/u?p126301coll1,2>)

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Categories: 1839 births | 1897 deaths | American economics writers | American economists | Georgist economists | American political philosophers | American progressives | Burials at Green-Wood Cemetery | Classical liberals | Left-libertarians | People from Philadelphia

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