

## ENVP U6250—Why Read Henry George?

The American economist and political reformer Henry George (1839 to 1897) profoundly influenced the American Progressive movement in the late 19th and early 20th century -- as well as reform movements in England and the British Empire and elsewhere. His most famous book, *Progress and Poverty*, was a worldwide bestseller.

George was the last of the so-called "classical" economists, of whom the most famous are Adam Smith, David Ricardo, Thomas Malthus, and John Stuart Mill. The classical economists recognized that ownership of "land" -- their shorthand for all natural resources -- entitled its owners to unearned income or "rent". They argued that the best taxes were those on land. George crusaded for shifting all taxes to land—that is, onto unearned “rent” income.

Main points from *Progress and Poverty*:

- Contra Malthus, poverty is not caused by “overpopulation” but by oppression. As people become better off, they will voluntarily have fewer children.
- As shown by Ricardo, the rent of a given piece of land depends on the difference between it and “marginal” land—the land that’s just barely worth using.
- Large landowners often withhold good land from use—for “speculation” or just because they can afford to. This drives poorer people onto inferior land, land that otherwise would not be used.
- Wages are determined by what a man can earn on marginal land, or in marginal occupations on superior land. Thus, because rich landowners withhold or underuse good land, inequality in land ownership drives inequality in wages.
- To address inequality in land ownership, “We must make land common property.” But it’s not necessary or even desirable to redistribute land titles. Rather, we should collect the rent for public purposes by taxing land, and removing all other taxes.
- Economic development depends on cooperation among equals, including specialization and trade: “Association in equality is the true law of progress.” Population density is a good thing because it enables people to cooperate.
- Great civilizations carry the seeds of their own destruction: Growing prosperity increases the value of the best lands, leading to greater inequality of wealth and income. Growing inequality in turn undermines the cooperation on which prosperity depends, generating poverty and corruption. (Is this how globalization will destroy world civilization?)
- Taxing land—collecting the economic rent of natural resources for public purposes—offers the hope of prosperity without growing inequality and decay. Freed from greed for material possessions, people can focus on higher learning and the arts.