



ECONOMICS AND THE *LONG VIEW* ETHIC

In my teens I had a burning question: Is there a lawful order to the universe through which, if we lived by it, there could be Paradise on earth? I had a sense that there was indeed such an order, and that it was the calling of every human being to seek it.

I began to read the philosophers and the mystics East and West and it became clear to me that the order I was seeking had always been known in one way or another. But coming to understand it meant seeing the relationship between reason and ethics. It was at this point I began to see where most of the political and social confusions lay. There were proponents of 'systems' that would make everything good, but which had no ethical foundation. There were proponents of ethical 'principles' which would remedy all ills, but which had no rational foundation. And I see that this same division in thinking is still with us today. One camp is always fighting to change the system. The other camp is ever trying to impose moral values on society.

This split between reason and ethics leaves both in error. Without ethics one cannot understand a good political or economic system, and without reason one cannot understand what is truly lawful or virtuous. All this leads one to see that a good society must harmonise reason and ethics. This involves discovering how the natural state of society is one where the practical life leads to and embodies the common good – a discernment the Greek philosophers called *phronesis*. That is to say, all economic and social activity is seen as serving the whole and not merely the private good. Just as good food serves the health of the whole body, so all natural economic activity serves the good of the whole community.

I am sure most of us have asked why the rational and ethical insights into the order of society that Henry George elaborated in *Progress and Poverty* have not brought about a change in society and removed the curse of poverty. As editor of *Land&Liberty* I confront this question each time we start work on a new issue. Indeed, along with many Georgists, I ask why is George now almost forgotten after being the most widely read economic thinker?

There are no doubt many contributing reasons for this. But what we see before us now in the world are the consequences that George himself foresaw if the land question and the various monopolies were not addressed. The present division between

rich and poor, the despoliation of the natural environment, the misuse of money, the rise in criminality, the abuse of technology – all these are the consequences of ignoring the land question and the primacy of the common good.

Nor is the modern commercialisation of society what Adam Smith envisioned with free trade between local enterprises and self-sustaining communities. That world has long gone, and so likewise have the ethical values and Christian ethos that belonged to it and which Adam Smith took for granted. The modern secular society is the result of the split between reason and ethics, and land monopoly and every other monopoly are direct economic consequences of this split. We have slipped inadvertently into a Hobbesian world of the war of all against all. We have allowed ourselves to be defined as consumers instead of makers – very far from how Henry George saw the nature of work. For him, work is naturally socialising because we are naturally a cooperative species. All modes of human exchange are mutually beneficial if not distorted in some way. Work has a natural dignity. If there is no meaning or dignity in the work we do, then something is profoundly wrong and our modern economy must be operating contrary to human nature and the laws of mutual exchange – the law expressed in the mediaeval 'just price' theory.

Another more subtle consequence of the split between reason and ethics is the loss of the sense of citizenship. Individuals no longer see themselves as participants in or contributors to society. On the contrary, they have come to see 'the state' as an enemy of the people, or of the individual.

This idea goes back to the sociological theory of Herbert Spencer who envisioned the individual as autonomous and who ought to be free to pursue their economic desires without any restraints. Government should not interfere with 'freedom of contract' between individuals or between employers and employees. So-called 'freedom of contract' was simply a euphemism for exploitation. Liberty was equated with competition, every man taking advantage of every other. Not only was the land a resource to be plundered, but society itself was such a resource. The strong will survive and prosper and the poor will gradually be eliminated by the process of 'natural evolution'. According to Spencer, charity or government interventions into poverty are contrary to the laws of natural selection.



As we know, these ideas of Spencer were challenged by Henry George in his *A Perplexed Philosopher*. Herbert Spencer is now largely forgotten, but his atomistic view of society that was so congenial to the rise of Victorian monopolies is still very much with us in modern forms of individualism and identity politics. Spencer's social philosophy wiped out of public sensibility the idea of the common good that had informed medieval social structure and economic thought, and which the early Physiocrats had sought to recover. Spencer laid the foundations of a purely mechanistic sociology where 'justice' was an expression of the struggle for survival. The *meaning* of life was thus reduced to mere survival, while virtue was equated with power. The offspring of his thinking later took the form of 'social Darwinism'. This in turn opened the door to monstrous theories of eugenics, which rose to prominence in the early twentieth century.

I raise these points because the way we conceive the economic activity of our society will be coloured by such conceptions and unspoken values. We cannot separate the economy off from prevailing social values, as though it operated in an ethically neutral vacuum. There is no sphere of human activity outside the range of justice. As Aquinas observed: "Moral acts and human acts are one and the same thing". That was the medieval view. The human being is by definition a moral agent. It is a view that goes back to the Stoic philosophers, to the jurisprudence of Cicero, to Aristotle and to Plato. It is indeed universal, present in the ancient Egyptian conception of Maat, universal justice. Needless to say, justice is the constant call of the Old Testament. And as Henry George himself observes, it is to be found in Buddhism and in Confucius beyond our western civilisation. The ethical sense, the sense of justice, belongs to human nature as such, and can be traced back even to the most ancient or primitive societies – directly contrary to the claims of Herbert Spencer.

George communicated with many thousands around the world because he touched upon this innate sense of justice, which belongs to everyone. His own vision was rooted in the Christian sense of goodness that still lived in the hearts of ordinary people, but which had largely been deserted by the intellectuals. This is why George's *Progress and Poverty* struck home for me in my teens. My burning question about the order of things sprang from this universal sense of justice and an intuition that there must be a way of life open to us in accord with universal justice, and that this universal justice was the true foundation of law in society.

George was able to touch this sense in ordinary people and show that reason and ethics belong together. He showed this with great clarity in his economic analysis. The land was not merely a resource to be appropriated and plundered by the strong, nor as a means of appropriating the labour or wages of others. On the contrary, the land was nature's gift to all, not just to human beings

but to all creatures. It was the home of all living beings. Therefore our relation with the land is at once economic and ethical. The understanding of the land as the shared basis of human society is the direct expression in nature of what the medieval scholars called the 'common good'. Nature works for the good of the whole. That is the 'natural justice' discernible even at the biological level. It is a principle elaborated by Aristotle, in the Stoic philosophy of law, and in Thomas Aquinas.

In our time we have neither the medieval sense of the common good nor the Christian sense of love of neighbour to call upon in connecting reason with ethics. George could still call upon these, despite the new mechanistic social theories of his times. This leaves us at a great disadvantage. Without a universal ethic to call upon, the examination of economic laws becomes impeded, or those laws become entirely invisible to us. They are completely invisible in neoclassical economics.

In recent times this divorce between reason and ethics has unwittingly crept into expounding George himself through the tendency to reduce his whole vision to the implementation of a land tax. That is to say, to treat the land tax itself merely as fiscal intervention which, by some magic, will bring about economic equity. As George himself understood, the only way the introduction of a land tax can be feasible is when the community understands its lawfulness and justice, and how it ties in with participation in citizenship. There is one natural law always at work in any society: it will be governed by laws corresponding to its prevailing state of understanding. This will be reflected in its own legislation. That itself is a kind of social justice, arising from its own condition. This can change only when the state of understanding of the whole community changes. Only then can good and just laws be enacted. Occasionally such insight does occur, as can be seen in the abolition of slavery and later in the abolition of capital punishment, for example. There can be ethical reform when a society as a whole shares a common insight into justice.

The present crisis of global warming, the loss of species, the pandemic, all spring from ignoring the nature of land and our proper relation with it. Here is how George himself describes the land:

Land—to us the one solid, natural element; our all-producing, all-supporting mother, from whose bosom our very frames are drawn, and to which they return again; our standing-place; our workshop; our granary; our reservoir and substratum and nexus of media and forces; the element from which all we can produce must be drawn; without which we cannot breathe the air or enjoy the light; the element prerequisite to all human life and action. (A Perplexed Philosopher, Part III Chapter VIII)

Here George's conception of land goes all the way back to the ancient philosophers and poets who likewise called the earth the Mother of all living things. The earth as Mother is found in ancient Egypt, in the early Greek poet Hesiod, and in the dialogues of Plato, and as far back as we can go in our knowledge of primitive society. It was the common foundation of community before ever becoming private property. But our modern mechanistic way of thinking has reduced land to an abstract 'resource', a mere 'utility', and even to a 'waste disposal tip', and so paved the way to making it private property, to be abused and disposed of at will. And upon this abuse of land is built the faltering modern notion of individual freedom. But civil freedom and the abuse of land cannot coexist. They are mutually contradictory, and so they display yet another disconnection between reason and ethics.

In his book *In Quest of Justice*, Francis Neilson, a lecturer in the Henry George School in Chicago in the 1940s, argues that justice was the foundation of the earliest communities in China, Persia, Egypt, Babylonia, India, Greece, and Rome. Remarking how modern economists neglect the classical understanding of justice, he writes:

And yet the study of justice inspired the greatest minds of the classical period and those of the early Middle Ages. Today it is sadly neglected by our economists and philosophers; and politicians use the term so frequently that one wonders if they know what it means.

Later, he defines justice as 'Justice is the law of Providence inherent in Nature'. He observes that the 'primitive sense of economic justice, which precludes the possibility of there arising in the community one who would batten upon the labour of others by owning the land' was worldwide. Contrary to Locke's theory that settlements arose through individuals claiming some plot of the common land as their own through labour, the earliest people were already communities holding the land in common, or not regarding it as 'owned' at all but simply nature. Also, contrary to Hobbes, it is the private ownership, which comes later within communities that creates strife, not strife that creates ownership. And as Aristotle observes in his *Politics*, man is by nature a social and political species through constant discourse on justice and injustice. The ancient Greek city, the *polis*, defined itself as the place of speech on justice. The citizen likewise was defined as one able to understand justice and able to act for the good of the whole. Through this sense of justice and its conception of citizenship the Greeks distinguished themselves from barbarians.

Neilson's claim that justice is a providential law inherent in nature is confirmed in the Genesis story of the Flood which Elohim commands prior to any laws being given to man, divine or positive, in the biblical narrative. Lawlessness (*hamas*) was simply a 'violation of the implicit and universal moral laws that make life in society possible'. (Christine Hayes *Divine Law*, p 25) The Old Testament assumes justice is already known to the people, and laws are given only *after* lawlessness and injustice occur. All ancient societies understand man as a moral being, and society itself as a manifestation of justice.

Given Neilson's grounding of Henry George in this ancient tradition of law, community and citizenship, it is surprising to find the Georgist John Sherwin Crosby in his book *The Orthocratic State* dismiss all ancient enquiry into society as 'pre-scientific'. Of the ancient philosophers he writes:

These all agree in holding with Aristotle that justice is the end of political science, and then like him attempt to develop a science

from hypotheses as fanciful as was that of the vortices from which early astronomers sought to construct science.

Further he writes 'Aristotle supposed the State to be "one of the works of nature," and held that the supreme power should be exercised by men of pre-eminent and heroic virtue'. Discounting such an idea, and justice as a 'fanciful hypothesis' for the foundation of society, he then dismisses the social contract theories of Locke and Rousseau and proceeds to develop a theory based on defence, holding this to be a 'scientific' theory of society. But this new 'scientific theory' is not an advance but a reversion to that of Hobbes, grounded in the fear of death and the claim that nature is an endless state of war.

Crosby believes his theory is scientific because he supposes it can be built upon a series of rational deductions. Men must be driven together for mutual protection. Yet all historical evidence denies such a theory, and supports Aristotle's claim that society is both 'one of the works of nature' and its end is to establish justice – justice itself being a law of nature. What is most curious, however, is that Crosby supposes he is building on Henry George's *Progress and Poverty*, while his theory of the emergence of society is nearer to that of Herbert Spencer's new 'social science' than to George. The word 'justice' occurs countless times in *Progress and Poverty* and is clearly the end George seeks to secure. The error of Crosby is that he is committed to reducing society to a mechanical explanation. In this way all the difficulties of ethics can be circumvented. A theory of the state can now be erected which can issue positive laws governing human conduct.

I cite these two twentieth century Georgists who have strikingly opposite views of the nature of society in order to illustrate two contrasting readings of George. Neilson sees George as rooted in an ancient tradition in which society is part of the order of nature and justice a universal principle running through all things. Crosby, on the other hand, sees the emergence of society and law as an artificial construction for the sake of mutual defence and which can be scientifically analysed in the same manner as any physical phenomena. Neilson sees society as embodying universal laws that are directly observable and self-evidently just and which are true guides to ordering all human affairs, from government to economics. Crosby sees society as a phenomena to be subjected to scientific investigation and logical inferences from premises, and laws to be entirely of human devising. The essential difference between them is that Neilson observes society as a member of society, as a participant in the call to justice, while Crosby seeks to observe society as though from outside, as an impartial observer.

It seems to me that Georgists must necessarily chose between two such views. For my part I am with Neilson, and the reason is that the question of the nature of society is a question every human being is called to respond to as an act of citizenship. The question belongs to the ethical sphere because society itself belongs to the ethical sphere. But also, history shows us that society flourishes insofar as it seeks justice, and it finds justice insofar as it conforms to the natural order and truth of things. This is evident all the way from the art of the farmer to the art of government. As Plato and Aristotle observed, nature orders all things in such a manner that when society works in harmony with itself labour produces more than the effort expended. Nature is not only just but also generous. It was this generosity that early societies discovered and why they regarded the earth as sacred. Something of this sacredness of the earth echoes in George's words quoted earlier: 'our all-producing, all-supporting mother; from whose bosom our very frames are drawn, and to which they return again'.




I began by speaking of my burning question in my teens: Is there a lawful order to the universe through which, if we lived by it, there could be Paradise on earth? It is clear to me now that this question arose from an intuition that there is indeed such a lawful order to the universe. This kind of intuition is characteristic of young people, who are naturally optimistic and idealistic. But an intuition like this has to be enquired into and worked out so that it can take form, otherwise it will be lost. This, broadly speaking, is what higher education ought to accomplish. Every human being has an intuition of the order of nature and a sense of justice. We are at once rational and ethical beings. But the prevailing mechanical materialism and individualist values soon smother this sense of order and justice, and the younger generation quickly become disillusioned.

Henry George challenged this thinking of the nineteenth century, which pervaded philosophy and economics. He was familiar with Descartes, Kant and Schopenhauer as well as Darwin and Herbert Spencer, and he found the same failures in each of them: a disconnection between reason and ethics, between empirical observation and justice.

We are confronted with the same problem in our times. We see this as soon as we try to explain Henry George to anyone. People find it hard to see the nature of the land and that our proper relation to it ought to be perfect justice. But we need to be careful here. Land is the earth, Nature, the mother of all life, and so describing it abstractly as an 'economic factor' or as 'location' can easily break the natural connection with it. With this connection broken, there is no point in speaking about fiscal policy reform. It was this tendency towards abstraction that drove economics out of the public domain and into the exclusive possession of experts. We might say that economics itself has been privatised.

The reason that George touched so many ordinary people in his time was because he showed that poverty was the result of injustice, and this injustice was the straightforward consequence of the misappropriation of nature in precisely the same way as slavery was the misappropriation of human beings. At root it was an ethical problem, and he showed how justice, and only justice, could provide a remedy. Without the sense of justice there is no way to build economic insights. And justice, for George, was nothing else than bringing human activity into harmony with the favourable and beneficial order of nature. And he showed further that when human activity was in harmony with nature, there then arose a communal surplus which nature intended to be used for the common good. This surplus is the social equivalent of the ecological surplus arising through nature acting as a unity and for the good of the whole, and is no more private property than land is private property.

And so he showed that only through seeking the common good can the individual good of each citizen be realised. That is the great law of society, or even of civilisation. George saw this as a reflection of the commandment to seek first the kingdom of heaven. And this surely is a great lesson for our time of climate change and environmental destruction. Only by seeking the highest good first, the good of the whole, can individual good be assured. The challenge of our time is to find ways of aligning our economic activity with the creative and benevolent laws of nature. That is the essence of economics. The study of economics is the study of justice. In justice the rational and the ethical converge. 

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