

THE TEACHING OF WE DON'T KNOW WHAT

At the Henry George Commemoration Meeting in Sydney, N.S.W., Dr. H. G. Pearce delivered a challenging address on Economics as now taught by most Schools and Colleges, showing also the trend of that baleful teaching. We give an extract from the report which appeared in *The Standard* (Editor, Mr. A. G. Huie) of October 15th.

The modern idea, Dr. Pearce said, is that Political Economy, if it is a science, is a science of we don't know what. Consider these statements:—

By Professor Stephen Leacock (Economics, McGill University): "Forty years of hard work on economics has pretty well removed all the ideas I ever had about it. The whole science is a wreck. For our social problems there is almost as much light from the older economics as from a glowworm."

By Professor J. H. Baxter (Eccles, History, Edinburgh): "There could be no doubt that the field of political economy was one of which we should all acquire a considerable understanding. It was difficult at the present moment, particularly as the political economists themselves were very uncertain what it meant. The great feature of the last twenty years was not the collapse of currencies and of prosperity, so much as the utter bewilderment of the political economist at the reason for it."

By Professor Schiller (quoted by Sir Norman Angell): "The present economic chaos in the world has been indirectly brought about by the policy adopted by the professors of economics forty or fifty years ago, to suit their own convenience. For they then decided that they must escape from the unwelcome attentions of the public by becoming more 'scientific,' i.e., they ceased to express themselves in plain language and took to mathematical formulæ and curves instead, with the result that the world promptly relapsed into its primitive depths of economic ignorance. So soon as the professors retired from it, every economic heresy and delusion which had been exposed and uprooted by Adam Smith at once revived and flourished. In one generation economics disappeared completely from the public ken and the political world. . . ."

Henry George took economics out of the realm of naked empiricism, where there is no guide except bitter experience, and elevated it into the realm of true science where the immutable laws of nature reign. These laws of nature subserve the wellbeing of the body economic as surely as similar laws of nature control the movements of the stars and the movements of the particles inside the atom.

But, owing to ignorance of any scientific economics, nations are thrown back upon economic empiricism: "Let us try this: let us do that, and see what happens." They are like the boy in the chemical laboratory who amuses himself mixing chemicals—he may produce a very beautiful coloured precipitate or he may blow his head off. Similarly, the modern idea of teaching economics corresponds accurately to the modern ignorance of the nature of economics. In teaching a purely empirical economics there is nothing like what these "teachers" call a healthy agnosticism. As they do not know what economics science is, and would not think of consulting reality in order to find out, they simply "make the doctrines of all schools of thought available to their students." Thus we have reached that grand climax in which the blind are appointed to guide those struggling to see. We witness the mass-production of economic fools, loaded down under a memorised burden of assorted nonsense—by men who are supposed to be teachers.

All this "healthy" agnosticism and cancerous "research," which costs us millions a year to provide, has infected all public discussion with slovenly thinking;

and has begotten a Nazi brood of "economic advisers" who baffle our legislators with jargon, who urge them to seek more and more power over the people when what is required is more and more knowledge, and who regard the public as the great ass to be fed on slogans. And all this is practised under the pretence of applying the "new" economics—which I call neocomics.

In ignorance of the economic law of wages, our legislators "had a go" at Arbitration. In 1915 Mr. Justice Higgins described this great experiment of the economic empirics as "a new province for law and order." Twenty years later, Chief Judge Dethridge (engaged in unravelling Arbitration tangles) had a different view. He said, "We are living in a mad-house and we have to adjust ourselves to mad-house conditions."

Look at Roosevelt's Brain Trust and its economic acrobatics called the New Deal. The whole scheme was rooted in a confusion of wealth with value. The practical absurdities springing from that theoretical confusion are perhaps best presented in the form of a letter alleged to have been sent to the National Recovery Administration: "Dear Sir,—A friend of mine has just received a cheque for \$1,000 from the Federal Government for not raising hogs. Now I am desirous of entering this business myself, as the idea of not raising hogs appeals very strongly to me. Hence I am writing to you for advice regarding: (a) the best kind of land for not raising hogs on; (b) the best breed of hogs not to raise—and (c) the best technique for keeping an inventory of the hogs I am not raising. My friend received \$1,000 for not raising 500 hogs—but I reckon that with improved technique it would be easy for me to increase that figure to \$1,500 or \$2,000."

Let us look at some of the results of ignorance of the economic law of public revenue. To the extent that taxation takes private property for public purposes—to that extent, it enslaves man to the State. This is the very essence of totalitarianism. It comes up against man's natural tendency to defend his property against aggression. Hence our system of taxation actually fosters evasion of taxation, and requires an unnatural, unsocial, uneconomic horde of inquisitors to avert the logical consequences of its own nature.

There is no way out of this muddle except that proposed by Henry George, viz., abolition of all taxation [on industry and its results] and appropriation of economic rent as public revenue. For this is the proper or natural way of raising public revenue—to take public earnings for public purposes, thus leaving all private property to its private owners. This is the essence of Georgeism, i.e., of naturalism. This is the natural economic law of public revenue—and the sooner the world sees it the better. Private appropriation of economic rent, which is the profit of human association or our economic common good, is the nether millstone, and material progress is the upper millstone between which the people are being ground into slavery.

Next to the public appropriation of private earnings, the greatest modern slavery is what Lord Hewart entitled "The New Despotism"—the growth of government by regulation or what you have all over-experienced as bureaucracy. Our politicians are so far out of touch with public opinion as to think that we want it. Our Chief-Nazi, Lloyd-Ross, tells us that "there must be planners and bureaucrats" and that "Our Department

may do many things that will annoy and irritate people." As our Chief Justice said when upholding a magistrate's decision in some price-fixing case—the man who engages in business to-day is a fool, unless he has a lawyer at one elbow and an accountant at the other!

You all know that in doing unpaid work for the Taxation Commissioner, in collecting wages tax, a man has to become an unofficial registrar of births, deaths and marriages. Thus there grows up a whole horde of unofficial and unproductive bureaucrats and "experts" which industry must employ to cope with all the peremptory requisitions and absurd inquisitions of the official bureaucrats. Then politicians have the hide to tell us we are not producing enough, and so causing a shortage of dollars.

Our absurd revenue system cannot work without inquisitors, and no scheme of price-control can work without commissars. We are no more enlightened economically than Stalin and Hitler. We have our own brand of totalitarianism. Through taxation and through price-meddling, dictatorship has invaded our lives, aided and abetted by men who prate about the value of democracy and the supreme value of human personality.

A British people, to whom the very name of inquisitor used to be hateful, here bow down before inquisitors under the name of tax-inspectors, and are enslaved to commissars under the name of price-controllers.

Nothing but a clear and deep knowledge of economic science can give us confidence in the free-price mechanism, which is the only alternative to our relapse into the totalitarian superstition of State-controlled prices and profits.

Finally, since land cannot be hidden, there is no possibility of evading the natural tax. Hence there is no need for inquisitors. All these men can be set free from their unsocial and unnatural task and become fully socialised.

Professor H. G. Brown (Economics, University of Missouri) said: "The Henry George conclusions have never received anything like a fair consideration in most text-books of economics in most universities and colleges. Indeed, a majority of specialists of reputation in the field of public finance have opposed these conclusions with arguments which are logically fallacious, historically inaccurate, mathematically inconsistent, and sometimes grotesque.

Professor Broadus Mitchell (Johns Hopkins University) paying tribute to the economics of Henry George, said that it is "like swimming or riding a bicycle, once learned you cannot forget it." And he contrasts this with the modern economics where "Most economic conclusions have ifs and buts attached to them and so, for the best of reasons, are difficult to teach."

Let me emphasise that. Political Economy is a science. It teaches the natural laws of human co-operation in wealth-production. Henry George discovered these laws of nature—this eternal plan—which is the only science of economics. And it is a matter of deep meditation that to this great man, who found it a hard struggle to live and to bring up his family, was granted that clear vision of natural law in the economic world which makes it possible for all men to live in freedom and to rear their children in the knowledge and love of Eternal Wisdom.

SEVENTH INTERNATIONAL CONFERENCE

Swanwick, August 14-21, 1949

(See Announcement in Supplement)

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