

Foreword

POLITICAL economy is at the crossroads. Its practitioners, from the point of view of public policy, are no nearer to articulating solutions to the disturbing booms and slumps which compromise the right of men and women to achieve their aspirations.

The two economic systems of the world now also face difficult choices, for neither has survived the test of time unscathed. The leaders of the Marxist-based societies have effectively thrown in the towel; no longer do they champion the command economy with any sense of conviction. The hypnotic powers of Hegelian metaphysics have not withstood the gaze of *glasnost*. But this offers little comfort to the leaders of the Western market economies, for it was the defects in the capitalist system that spawned the experiment in socialism. Those structural defects have yet to be corrected, a fact which continues to provide comfort to the advocates of the 'mixed' economy.

These are exciting times, then, for theory and practice can now converge on a new path.

The authors of this volume do not share the general cynicism which, understandably, is now directed at the science of political economy. They believe that the foundation principles articulated by the classical economists, if logically and honestly employed, offer the guides that would release people from the material constraints on their lives which persist despite the progress of the last two centuries.

If we were to seek a point in time when things started to go badly wrong, it was during the dying years of the 19th century. The theory of economics underwent a fundamental change that was more radical than is generally appreciated. The essential character of that transformation was a simple one of definition.

In the West, the concept of land — broadly defined to include all the resources of nature — was subordinated into a sub-species of

capital. The clarity of the theory of rent was obscured. The consequences were far-reaching; policy-makers lost one of the main analytical tools at their disposal.

Simultaneously, Marx set the course for the East by emphasising the primacy of the labour and capital markets. For practical purposes, the rental value of land was banished by the labour theory of value.

The time has now come to retrieve the theory of rent from its obscurity and re-affirm the role of nature in the destiny of mankind. Whether this will be enough to set the science of political economy on a firmer foundation, and lead to the articulation of a sustainable social and economic order, only time will tell. But one thing seems to be certain: the environmental crises that now confront the world cannot be sensibly analysed and resolved without the application of the classical theory of rent.

The challenge will not be sidestepped, if for no other reason than that the ecological imperatives will impact on the political process and the balance of international power in a fundamental way. The realisation of this fact is already compelling statesmen to reappraise the future with a new sense of urgency. Nature, in a very real sense, is setting the agenda for the remainder of this century.

It is towards a renewed interest in the way in which we use — and abuse — the resources of nature that this book is dedicated. The authors suspect that this will lead to a rent in the veil of ignorance that has hitherto shrouded the process of policy formation, and so direct us to a new approach, one that is capable of balancing conflicting interests into something like the ideal system of harmony originally envisaged by the classical economists.

RONALD BANKS
London, March 1989