

THE COLD

of a Mainstream Economist

point for economic value. Wheat in Westminster and Harrods in the Highlands serve that notion. But such use will never occur unless the site value of Westminster falls to a point where wheat-growing would provide the highest profitability, or the site value of the Highlands rises because a sufficient population moves there and demands a Harrods. It is the site value, and the return of economic rent that it so provides which determines the use: and, any increase in it indicates the ripeness of the site for a change in use, which the developer/entrepreneur recognises. No increased effort by himself will increase the usability and value of his site.

Second, he removes from economics most of the qualities of man's nature which control his perception and actions. Thus, he limits economics to mindless kinematics bereft of its dynamic or genetic origin. Unfortunately, he does not sustain this position when he refers to the wages of productive workers as being only of a "subsistence" level, which is a social assessment and irrelevant to detached economics. Later, he regards land as the effort of man, thus making the effort of man, and therefore his will (inevitably riddled with non-economic judgements), essential to economic analysis. There is a further contradiction when he refers to the "problems of economic society" in paragraph four.

Third, there seems to be a confusion over the use of the word "distribution". Usually, in its economic context "distribution" is taken to mean the return of wealth to the factors of production after its creation. Clearly, it is not to be confused with the "distribution", or trading, of goods, which is part of the process of the creation of wealth, not its distribution. In fact, one wonders why any of mankind, in any economic context, would indulge in "non-productive labour". As such a concept has no place in the Georgist economic argument, it can not be a root cause of its supposed fallacies.

Fourth, he says the notion of a land monopoly is nonsense, that "Monopoly lies in the choice of the consumer." and that "usable land for any purpose is ... the product of human effort ..." This is such an apparent abuse of the English language and reality that one must assume that in his economic context they mean something quite different to normal. He says the "degree of monopoly" (sic) gained by a particular shop is due to people preferring it rather than another from which to buy their "Players Weights". He does not distinguish them by the difference in their size, shape, colour, service satisfaction and other attractions, but by their position in the High Street, No. 10 and No. 21. Thus, that site No. 10, presumably meant to indicate nearer the centre of the town, has been made more valuable not by the owner but by the people. This is an intriguing, if unwitting, way of confirming the Georgist argument, monopoly and all.

Fifth, on the problem of the "unearned increment" in land, he accepts that it is due to the development on surrounding land, which, again, is pure Georgist. He dismisses it, however, by claiming that it is difficult to measure. Thus an agreed economic factor is calmly removed from consideration without knowing its significance. This shows the falsity of his position. It constitutes no economic argument even if it is true, which it is not. Go any day to your local estate agent or valuator and you will receive, immediately or in short time, a valuation of the capital price and annual rental of

your land. In effect, this is done every time you take out fire insurance on your house – you do not insure the land on which it is built.

Sixth, his mathematically derived statement that after the variable resources, let us presume they are labour and capital, have been paid, the surplus is paid to the resource which is fixed in the short term, which, in this context, must be land. Put thus, it confirms the notion of rent as defined by Marshall and his classical predecessors. Turn this round to make capital the fixed factor, and it becomes the rent or surplus. Likewise, labour has its turn according to this expression of the relationship between the factors. But land, palpably, is the only factor fixed in place or quantity, whether the term considered is long or short. Again, the idea that this is not so arises from the perception that change in use of land constitutes variability in its supply.

Seventh, in paragraph four, he discredits himself and his arguments by attempting to throw professional weight instead of argument into the discussion. Henry George was more widely known in his day than Karl Marx. Lloyd George and Churchill vigorously sought land reform and Harold Wilson, himself an economist, "sang the Land Song at his father's knee". Land value taxation was introduced in the 1910 Liberal budget and again in Snowden's 1931 Labour budget. I am suspicious that the professor's rejection of George, like so many other economists, arose from a socialist-oriented belief with the concomitant use of economists in government. *Laissez-faire*, George's object, was an anathema to him.

Lastly, he makes only one reference to value and none to wealth – the central purpose of economics. Apparently, even John Maynard Keynes had doubts about his highly influential theories in the absence of a theory of value. He said he could not find one which was acceptable – acceptable to who? Not fellow scientists, because they know that the definition, even if they disagree with it, of key words and concepts is essential to building a theory and holding orderly discussion on it; otherwise anything goes. And, as the professor once told me, Keynes did not, as many presume, influence the government but was used by it to convince fellow economists and the general public of the need to abandon the gold standard so as to use inflation – historically, the oldest economic trick in the book – to control the economy.

Election Aired Land Tax Strategies

LAND TAXER Alanna Hartzok scored 4.1% of the votes to come third in a special election in the 9th Congressional District of Pennsylvania on May 15.

The Green Party fielded a candidate for the first time ever for this district, which claimed just 100 registered Greens in the entire district. The Republican was a clear winner with nearly 52% of the votes, but Ms. Hartzok used the campaign to good effect to present voters with an alternative strategy to local problems.

During the five week campaign, she appeared on eight TV programmes and 15 radio shows. Ms. Hartzok told *Land & Liberty*:

"Debate time is usually limited and our policies are so different from mainstream



tax proposals that average people and reporters often respond with puzzled looks on their faces.

"I was forced to grasp a number of issues of current concern to see how they fit into the overall tax shift policies that we are working towards.

"An entire mindset must change for us to really get anywhere. The most interest was

from a 90 minute Green tax seminar I gave to 30 students at Penn State University. I had time to articulate the idea and ethic that the earth is our right by birth, or should be. But if I had said that in the TV debates and elsewhere, most people probably would have written me off as crazed.

"I will be happy to get back to working for LVT for Philadelphia and with people who think."