

LAND and LIBERTY

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THIS special issue of *Land and Liberty* is devoted to a study of Henry George, the American economist and social reformer whose writings had a major influence on philosophy and — in some parts of the world — on political activity.

There is an imperative need for a root-and-branch reappraisal of economics as an empirical science. The contributors of articles in this issue maintain that no re-examination of where the discipline went wrong can ignore the teachings of Henry George.

This issue has been edited by Stan Rubenstein (above), the Director of the Henry George School of New York, which is at 5 East 44th Street, New York, 10017, NY. He can supply the addresses of schools and extensions located right across the continent to San Diego, Los Angeles and San Francisco.

"Men did not make the earth... It is the value of the improvement only, and not the earth itself, that is individual property... Every proprietor owes to the community a ground rent for the land which he holds."

— Thomas Paine (1737-1809)

STATE OF DISARRAY

ECONOMICS ought to be the generally most useful social science. It is imperative for citizens in a democracy to understand how the wealth-creating process works. We all have a vested interest in the understanding and practice of economics, which is why teaching the discipline in schools and colleges is a vital part of education in a civilized society.

For example, few people are immune from the mass unemployment that is afflicting the West today, which even reaches out into the homes of those who are still at work: they fear the prospect of being made redundant.

● Governments spend near enough half of a nation's income: what are the effects — on income distribution and social justice — of the decisions made by politicians on our behalf?

● Corporations insist that "big is beautiful". Do we really get value for money, when prices in the shops may be higher than if a competitive regime were the rule?

● Lobbyists for a multitude of causes spend fortunes in swaying public opinion with economic arguments that may be long on sophistication but short on sense. It is crucial that the level of debate should be raised. Only then can we see through the spurious arguments.

People love to address their views on topics such as taxation and welfare benefits to anyone who will listen. A great deal of ignorance — the mother of prejudice — pervades such discourses: how can the quality of such exchanges be raised without a minimum degree of tutoring in economics?

As a science, alas, economics is in a state of disarray. All the major schools of thought within the discipline are incapable of supplying answers to some basic questions. Why, for example, have western economies suffered from serious underemployment ever since 1974? And what are the consequences?

According to THATCHERISM, unemployment had to be welcomed to weaken union power:

wage claims would moderate and the British economy would once again become competitive. Fact: despite 13% unemployment, wages are still rising faster than the rate of inflation — and economists do not know why!

According to KEYNESIANISM, a growth in aggregate demand would reduce unemployment. Fact: while we continue to accumulate wealth, unemployment continues to rise in most OECD countries.

According to MARXISM, high levels of unemployment ("exploitation") would radicalise — nay, revolutionise — the proletariat. Fact: the working classes are growing more conservative.

According to conventional wisdom the oil price rises in 1974 and 1979 caused the rise in unemployment. Fact: There is no evidence to show that the oil price collapse in 1986 moderated unemployment trends.

So it is easy to heap ridicule on economics. The problem is with the principal spokesmen who have been distracted from a clear understanding of the basic processes in favour of fame as architects of wonderful theories which are mathematically elegant but barely within the conceptual understanding of the most brilliant logicians.

Why, economists have now even forgotten the elementary art of arithmetic. Most strikingly, they can't count! Take, for example Professor Robert Heilbroner, whose books are circulated widely among students. In his review of the works of American economist Henry George, he states in *The Worldly Philosophers* that "rental income in the United States has shrunk from 6% of the national income in 1929 to less than 2% today".

Steven Cord, a former Professor of History, has shown that rent accounts for at least 28% of national income!

Ludicrous anomalies that are obviously at variance with reality tend to make students cynical about economics. That is tragic. An onerous burden therefore falls on the shoulders of teachers who have to instruct young people on what ought to be one of the noblest of intellectual disciplines.