

# letter from the editor

One of the difficulties we face in communicating the insights of Henry George today is due to the separation of economics from ethics. Even in Adam Smith's time the new science of economics was part of ethics or moral studies. It grew from the attempt to discern the underlying laws of the production and exchange of wealth in a just society. But gradually this study has shifted from the moral sphere to a purely mechanistic sphere in which 'economic activity' is largely regarded as morally neutral. Poverty becomes a mere matter of statistics, of ratios between rich and poor, while the unqualified acquisition of wealth is considered to be the sole purpose of a society.

In such a state of affairs the question of a just society can hardly be raised, and if it is, it merely takes the form of a debate about who has what share of the economic cake. Self-interest is the measure and meaning of economics, each competing against each, and nation against nation. In the recent elections in Britain that is how the political parties addressed us, as out for what we could get. The real questions of economic injustice, of exploitation, of the parasitic financial market, of usurious money lending, or of the abuse of nature, were never raised. The mechanistic analysis of economics has become a justification for regarding the economy as nothing more than the exploitation of everyone by everyone. This is because that analysis cannot account for what is lawful, humane or natural.

Henry George speaks in an age when the connection was still seen between economics and justice, and also where the lawful relationship could be seen between man and nature. This is why his *Progress and Poverty* was so widely read. Ordinary people could see how the presence of the community naturally enriched everyone, culturally as well as economically, and that the rent on land was the natural revenue for government and the provision of community needs. The rise of a complex society did not create a need to burden the production of wealth with taxes. Yet taxing the production of wealth creates the poverty that came with the complex society. A class of people arose who contributed nothing to society, yet who lived off the labour of those who did. How can a person live in luxury while producing no wealth? Ordinary people could see that this was possible only if such an individual could make a claim on the wealth produced by others, and the easiest way to do this was to collect the rentable value of land from those who worked on it. The ordinary people could see that this rentable value could only belong to the community as a whole whose presence alone created it.

But this general understanding which George brought to the world was gradually eroded by removing the study of economics from the moral sphere to that of abstract mathematics. As a consequence the definitions of the basic elements of economic theory – land, labour, and capital – got lost under a cloud of statistical analysis and misdescription. It was as if society no longer consisted of human beings, or that human beings were merely part of the machinery of anonymous production and consumption.

In consequence the ethical concerns of society were forced into other spheres. Noble declarations of human rights have been formulated, worldwide charities have been born to help the most needy, more people have access to education. Yet the really basic human rights have not been declared: the right to access to land; the right to the full fruits of one's labour. Nor have the basic human duties been declared: the duty to care for the earth; the duty not to burden future generations with debts; the duty to render the economic rent to the community and the common good. If these basic rights and duties were practised there would be very little need for the worldwide charities, and most other rights would be redundant. Because the basic human rights are missing, most current human rights are merely attempts to mitigate the consequences of their absence, much in the same way as governments redistributing wealth are merely attempts to mitigate the consequences of unjust appropriation of wealth. There is no lack of good will in our times, but there is a lack of understanding of the fundamental nature of society.

Our situation is therefore different to that of the times of Henry George. We have a different set of problems to meet and other obstacles to overcome. It is not enough merely to campaign to reform the tax system. There are deep-seated general opinions that seem self-evident truths to most people now, but which are misguided. For example the opinion that there is no distinction to be drawn between ownership of things produced by labour and what is freely given by nature, such as the land. Both are regarded as marketable commodities. Or, as a second example, the belief that money is wealth and a marketable product, and the failure to see that the financial markets actually produce no real wealth at all.

Failing to see such opinions are false means that the consequences of that failure cannot be seen either. It was precisely because of these false conceptions of the economy that the banking crisis of 2008 was not seen to be coming, even though Fred Harrison and other economists had predicted it. False ideas about the economy have the effect of obscuring from view the laws actually governing it. This in turn creates the illusion that governments and institutions can control and master the economy, as if it had no natural laws of its own like everything else in existence.

Overcoming false opinions is no easy task. Yet there cannot be reform or progress without seeking to understand the real nature of things. This is as true of economics as of any other sphere of knowledge.

In this issue of *Land & Liberty* we have four substantial articles which shed light on major aspects of economics, each of which helps dispel certain common illusions. In our cover article, 'Rethinking Economics with Henry George', David Triggs takes us back to the profound insights of Henry George and his struggles to rescue the study of economics from vested interests that seek to distort its truths through abstract complexification, making economists fear to speak the truth. Brian Chance's article 'The Nature of Debt' clarifies a subject that most people have great difficulty understanding, even though debt is endlessly talked about by present politicians and economists. Yet the nature of debt and credit is as important in understanding the economy as the land question.

In his article 'Three Doctors and a very Sick Patient' Richard Glover explores further the analysis of Thomas Piketty, comparing his proposed economic remedy with that of Adam Smith followed by that of Henry George. It is a most illuminating article, giving full credit to Piketty's extensive research into growing inequality, yet also showing how his definitions of wealth and capital prevent him seeing more clearly a natural remedy.

Our feature article, 'Changing Conceptions of Property', by Jonjo Brady, a law student, gives us a fascinating history of how the legal notion of property has gradually changed over the last three hundred years in Britain. This legal history gives us a revealing insight into how basic conceptions can change, and how this profoundly affects our relationship with the land and all the feely given abundance of nature. We have come to take it for granted that an individual can claim exclusive ownership of land, but this has only come about gradually from the original recognition that the land is common to all. But also can we see how what is deemed 'legal' has become separated from what is ethical or just, and the gradual drifting of 'positive law' away from the natural law of the middle ages.

These articles invite us to see that there is a direct connection between the true laws of economics and ethics, and that the proper study of economics is simultaneously a study of justice. Nature has ordered the earth in such a manner that human society may flourish without poverty so long as we understand nature, and so far as we seek justice.



Joseph Milne  
editor@landandliberty.net