

LAND&LIBERTY

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message from the honorary president

According to the media and a recent Briefing Paper published by the House of Commons Library the UK economy has a serious "Productivity Problem". The Briefing Paper says that "Productivity" generally refers to how efficiently inputs (labour and capital) are used to produce outputs (goods and services). Also, that "the persistent weakness in productivity has puzzled economists" and that none of the alternative theories currently offered provide a satisfactory explanation. Interestingly none of the theories quoted refer to the relevance of current wealth distribution in the UK or taxation policies. In this context I paraphrase and quote some of Henry George's thinking on the issue as contained in Book IV of his Science of Political Economy.

In the distribution of wealth that has already been produced, man-made laws are of primary importance, but in respect of all wealth that is being, or is yet to be, produced man-made laws are trumped by the natural laws of distribution. This is because in a living economy production and distribution are parts of a continuing process that does not stop when particular items of wealth are produced. Since production depends on the *will* of those who produce, that *will* is undermined if producers are denied the full satisfaction they seek by producing. The laws of distribution are thus not physical laws related to matter and energy but are laws that operate through the human will or spirit and manifest in human consciousness as conscience and a sense of what is right or just, that is, they are ethical laws.

Production and distribution are in fact not separate things, but two distinguishable parts of one thing—the exertion of human labour in the satisfaction of human desire and are as closely related as the two arms of a siphon. And as it is the outflow of water at the downstream end of the siphon that is the cause of the inflow of water at the upstream end, so it is that distribution is really the cause of production, not production the cause of distribution. In the ordinary course, things are not distributed because they have been produced, but are produced in order that they may be distributed. Thus interference with the distribution of wealth is interference with the production of wealth, and shows its effect in lessened production.

To use again the analogy supplied by our material frames. Blood stands in the same relation to the physical body that wealth does to the social body, distributing throughout all parts of the physical frame potentialities akin to those which wealth carries through the social frame. But though the organs that distribute this vital current are different from the organs that produce it, their relations are so intimate that seriously to interfere with the distribution of the blood is necessarily to interfere with its production. Should we say of the blood that passes into the great pumping station, the heart, "It has been produced; it is here, and we may do with it as we please!" and acting on the word, divert it from its course through the organs of distribution—at once the great pump ceases to beat and the organs that produce blood lose their power and begin to decompose.

And as to pierce the heart and divert the blood that has been produced from the natural course of its distribution is to bring about the death of the physical organism most swiftly and certainly, so to interfere with the natural laws of the distribution of wealth is to bring about a like death of the social organism. If we seek for the reason of ruined cities and dead civilizations we shall find it in this.

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