

PREFACE

ECONOMICS - THE HISTORICAL SETTING

1. The first true economists were the French Physiocrats of the 18th century: Quesnay, Turgot, Mirabeau and others. The name is appropriately derived from the Greek (the rule of nature) because the greatest of the Physiocrats' brilliant achievements as philosophers, scientists, physicians and economists was their discovery that economics and all sciences are within the domain of natural law. They realised that human laws are vastly and essentially different from natural law.
2. Before the Physiocrats there had been many eminent writers and teachers on economic subjects, among whom may be instanced Sir William Petty and even Moses, Aristotle and Plato. (See Gray, A., "The Development of Economic Doctrine" [1931], p. 97). But these were fore-runners, just as there were fore-runners of every great discoverer in science such as Newton, Copernicus and Harvey. The ideas of the fore-runners were still largely empirical, not deductive, and were generally more related to religion, politics and ethics than to economics. There is a chronological progress and sequence; the Physiocrats were in alignment with their predecessors. Also, they made some substantial errors, which many later but less distinguished economists have been quick to pick up.
3. Following the Physiocrats, Adam Smith and David Hume, the science of economics gradually became firmly established. Quesnay was probably the first of many distinguished economists to grasp the abovementioned essential concept of economics - natural law (as distinguished from and opposed to human law, which Quesnay termed "positive law") on which all science rests. Without this concept scientific deduction is not possible and we are still in the pre-scientific era. From this arises the complete chaos in modern "economics", "controlled" and improved on by politicians, rulers and parliaments, and even altered when they deem it necessary.
4. In the 19th century the classical economists (Malthus, Ricardo, J.S. Mill, Senior, Marshall and a host of others) developed economics (then termed "political economy") to a considerable degree, but they had still not emerged from the pre-enlightenment era, and so confused economics and politics. Worse, many of them *perverted* the science in their attempts to justify political privilege and the great distinction between the powerful rich and the powerless poor, the Industrial Revolution having greatly increased the gap and the conflict between the two classes which gave

rise to the class-struggle. They yielded to, or allied themselves with, the great political pressure from the privileged class, strongly entrenched in the monarchy, the aristocracy and the church of that time. Since then the poor, although they have acquired great political power, have not acquired any grasp of economics to speak of, and economics is very little studied, without prejudice or bias, as a science, but is still used spuriously and pervertedly (though often unconsciously) in universities, places of political power (both left and right), and in "upper class" circles, to keep the uneducated masses uneducated and to prevent genuine economics from gaining a foothold. Malthus was a conspicuous example of this, and the socialists, totalitarians and many leading "economists" of the 20th century are even more so.

5. Economics is thus in the 1980s, in popular esteem, an orthodox, perverted and discredited pseudo-science or no science at all. Its standing has never recovered from the knock-out blows dealt to the pseudo-science (but not, of course to the science) by Karl Marx (1818-1883) and J.M. Keynes (1883-1946). The former was a dogmatic and very "woolly" and over-rated writer who had a justifiable contempt for the political economists of his day, and the latter was a very clever pseudo-economist for whom all his contemporary "economists" so rapturously fell, confusing politics with economics. Neither the economists of the 19th century, nor the pseudo-economists of the 20th, ever seriously attempted to discover the cause and the cure for vast wealth side-by-side with vast poverty, which was and is in both centuries the great riddle of the age. In fact, both groups have accepted this riddle of the sphinx as natural, inevitable and unsolvable, or have defended it (on the analogy of Darwinism) as the operation of the survival of the fittest.
6. The science was restored by Henry George (1839-1897), Frederick Bastiat (1801-1850) and to a lesser extent by other 19th century economists. But their work has not yet permeated the public mind or the minds of other orthodox economists, and pseudo-economics still holds the popular and academic fields. Keynes' "discovery" of inflation as a "cure" for "economic problems" was swallowed whole, and his alchemy has even been surpassed, in our confused modern era of socialism and semi-socialism, by the government-entrenched bureaucrats who (at top salaries) advise and dazzle our western governments, posing as experts in applied economics and who introduce weird policies of varying degrees of "scientific" insanity which would outdo even Swift's "Gulliver's Travels" among the Houyhnhnms. Their advice, though labelled "economic", is never even remotely economic but always leads to cosmetic devices for catching votes from the uneducated at greater and greater public expenditure. They never begin at the begin-

ning of any social problem by examining the economy objectively and scientifically. So the electors find themselves expensively saddled by more and more boards, more and more new politicians at fantastic salaries, perks, superannuation and golden hand-shakes, greater and greater public debt, more and more governmental departments, more and more 'public servants', sending politicians and their families, secretaries and entourages abroad to "study" the problems of other countries. The futility of all these shams is notorious, but the public swallow them, and the wily politicians follow the "advice" of the pseudo-economists as far as they think expedient for the particular occasion while protecting the privileges of those who really cause the problems.

7. Thus, in 1989, economics as a science has in almost all areas not emerged from the dark ages preceding Copernicus and Galileo.
8. All economists, of course, both genuine and pseudo, have good intentions, however confused and mischievous they may be. The student's difficulty of disentangling everything is increased by the materialism and hedonism of the affluent public who are conditioned against and resist radical thinking and ethical philosophy. So the student must be sincere, patient and determined.

POLITICAL ECONOMY

9. Economics, the study of the economy, was formerly termed Political Economy, which meant a combination of genuine economics with those aspects of government (politics) on which economics focuses the mind, just as chemistry and other sciences focus the attention of the physician on healing techniques.
10. Economics and political science are both scientific studies, but economics is a science in its own right, while politics is a department of ethics which is another science in its own right. The two are mutually independent, but of course never in any way in conflict. Every science, which is departmentalised and specialised knowledge, rests on logic and so on intellectual truth, and truth is never in conflict with truth. Political science must never be confused with the hybrid mass of mental confusions and misguided antics now rampant in party-parliamentary circles. The latter are not related to science, but basically reflect the class-struggle which has itself arisen historically from violations of ethics and is maintained only by ignorance and self-interest.
11. The principles of ethics and the natural laws of economics are still not clear to most people, in spite of the ethical teachings of Christ, Tolstoy, Gandhi and innumerable others and of the great works of the

genuine economists. So the object of this small book is to make them clear. Our primary subject is economics which is independent of ethics. But all social problems are ethical and can be solved only by sound ethical political action; this sound action depends on sound knowledge of economics without which people cannot become aware how far and in which respects our politics are astray and how they can be corrected. Politics has no meaning or existence apart from ethics. 'Ought' and 'should', right and wrong, justice and equity, are always in the foreground both inside and outside parliament: What is the *right* course?

There are no moral or ethical principles in economics (or in any other physical science). Human beings always act economically as far as the circumstances and their knowledge permit. But in the ethical sphere people can act rightly or wrongly, having in this respect been made in the likeness of God.

Neither ethics nor economics can be amended or improved; like all sciences they are knowledge of nature. All our social problems arise from our disobedience to ethics. There are no social problems in economics. We learn to master nature only by obeying her.

The economic truths, about production, wages, rent and distribution will bring to light the ethical truths flowing from them. When we learn to obey the ethical implications both ethics and economics will shine in their full glory.

12. This brief treatise on economics and its ethical implications is offered as a small but (I hope) vital contribution to the two sciences and to the immense literature already existing. I hope that it will also contribute to the philosophy and proposals of the Georgist movement, and that its readers will follow it up by further determined and purposeful reading to enable them to master the ideas of the great economists and social philosophers of recent times. If an insufficient number do this, social disintegration is certain. The more we arm against our external enemies the more we prepare our own destruction. The rarity of sincere and determined study of genuine ethics and economics is the most fatal vacuum in our present-day society.

All references in the text to "Progress and Poverty" (1879) by Henry George (see Bibliography at par. 248) are to the 1929 Robert Schalkenbach edition, and are cited thus: (e.g.) P&P 258.