

Our own worst enemy

Henry George: Political Ideologue, Social Philosopher and Economic Theorist edited by Laurence S Moss Blackwell, 2008, 200pp, p/b ISBN-13: 978-1405187510, £19.99

The major piece in this book of essays is Michael Hudson's 'Henry George's Political Critics'. In this he cites as two of the criticisms of George his singular focus on ground rent to the exclusion of other forms of monopoly income, and his refusal to acknowledge interest-bearing debt as the twin form of rentier income alongside ground rent.

As Hudson points out, land remains the largest asset class even in today's industrial and high-technology economies. Because mainstream thought now merges land rent and interest with all other earnings, the former has become virtually invisible. Economic rent is hidden in the other factors of corporate income, and its size is difficult if not impossible to evaluate (although estimates put it as one-third).

George's single-minded focus on ground rent, initially his greatest journalistic asset, ultimately became a shortcoming. Another problem, as Hudson points out, is that home ownership was so widespread in America, then as now, that most families and businesses wanted the land value of their property for

themselves. In 1924 Upton Sinclair observed that the narrow focus of the Single Taxers became their political undoing.

Henry George was not given to cooperating with others. When he was co-chair of the Land Reform Conference in Paris in 1889 he spent most of his time in his hotel room rather than working with the delegates to promote his ideas.

The failure of George and his followers with their narrow focus led, Hudson says, "to splits within the Single Tax movement, especially in Britain, where the School of Economic Science moved away from George to place major emphasis on debt and financial reform". This is not strictly true, as the School continues to regard George's ideas as important—although it has indeed widened its scope of enquiry.

Another major essay in this book is Charles McCann's consideration of the social philosophy of George. He looks at some of the complexities (for some, contradictions) in George's presentation of his ideas, which McCann feels inadequate for a persuadable political programme. The way George offered to capture the undeserved wealth from the undeserved surplus had its critics.

The Duke of Argyll, not entirely unbiased, said: "Never, perhaps, have communistic theories assumed a form more curious, or lent themselves to more fruitful processes of analysis, than in the writings of Mr Henry George." Rather

more fairly he points out that George's depiction of conditions in modern society was little more than "a picture only of the darkest shadows with a complete omission of the lights."

Perhaps Henry George was his own worst enemy in overplaying the downside of the society in which he lived, and not constructing concrete proposals to put his ideas into effect. There is much to debate in these studies which should be the base for fruitful answers.

Geoffrey Lee

Textbook economics

A New Model of the Economy by Brian Hodgkinson Shephard-Walwyn, 2008, 348pp h/c, ISBN-13: 978-0-85683-250-5, £30

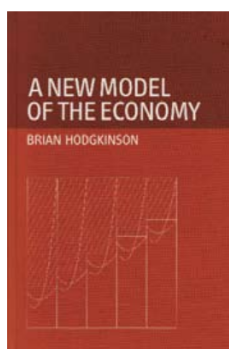
This is a major new work of great potential importance. It is not a book which seeks to persuade, although it is persuasive: it is a book which seeks to explain, in a clear and systematic manner, that which modern economic science orthodoxy has been unable to explain: and it seeks to explain it in a manner that is addressed to those who need to understand. *A New Model of the Economy* is a purposefully academic book: its intended reader is the teacher or student of economics.

Brian Hodgkinson describes economic science in the fullness of its reality, and in all its

dimensions—including the hitherto improperly recognised dimension: *land*. The book is the equivalent of Copernicus' *De revolutionibus orbium coelestium*—which knocked the Earth off the centre of the universe. If epiphanies can come from text books, unsuspecting readers might expect one here.

In introducing his work, Hodgkinson's preferred analogy is also *astronomical*—flat-earth science—which is how he characterises modern-day economics orthodoxy. *A New Model of the Economy* provides the student of economic science with the equivalent of the geographical comprehension of the earth as a sphere and not a wobbly plane.

A sophisticated post-flat-earth understanding is key to a modern person's ability to live their life in its environment. Just so the professional economist in his work.



Quoting economists BC Eaton and RG Lipsey, the book's revelation for professional orthodoxy is that "many phenomena that appear inexplicable when inserted into a spaceless model are explicable in a spatial model."

The author accepts that the "superstructure" of modern academic economics might be "well-designed" and "aesthetically pleasing"—it is "a fine house" he says. But it is a house "built upon foundations which are askew"; and hence it leans. Hodgkinson anticipates its collapse "in a welter of broken theories and dubious 'facts'", and is troubled by what this might mean for real world economies. His book provides a new firm and level foundation for the theory and practice of the science.

The book is tightly structured to satisfy the traditional expectations of a teaching text: in seven parts Hodgkinson deals with: principles; the theory of the firm re-examined; factor incomes; money and value; public revenue; macro-economics; and closes with his conclusions—looking at the practical problems of rent as public revenue, and justice (his guiding principle throughout).

Thanks to this book it should no longer be possible for the teaching of economics to be the harmfully fallacious entertainment that post-classical thinking has rendered it. Professors in universities around the world cannot ignore this book in their classrooms, can they?

Peter Gibb

“Economists today employ ‘flat-earth’ models, which are unrealistic. They ignore the huge influence of spatial location, which gives rise to economic rent. This has expanded proportionately to the continuous growth of most economies, and profoundly affects how they operate.”

Brian Hodgkinson

a quick note ...

The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It by Paul Collier. h/c £16.99

'Resource Curse' proponent Collier pinpoints issues of corruption, political instability and resource management to blame for the world's poorest—the bottom billion who are living on less than a dollar a day while the wealth of the world moves on.

Once Upon a Time in the North by Philip Pullman. h/c £9.99

A ripping wild-north tale from the world of *The Golden Compass*. Against the background of a frontier struggle between nascent democratic institutions and untrammelled corporate power in pursuit of the valuable prize of resource privatisation—Lee Scorsby, the Texan balloonist, first meets Iorek Byrnison, the armoured bear.

Gridlock Economy: How Too Much Ownership Wrecks Markets, Stops Innovation, and Costs Lives by Michael Heller. h/c £15.99

Argues "excessive property rights" jam up the economy and lead detrimentally to underuse of resources and loss of family estates, inhibit the development of life-saving drugs and impose obstructive copyright restriction.

Agricultural Support, Farm Land Values and Sectoral Adjustment: The Implications for Policy Reform OECD. p/b £17

This study focuses on the capitalisation of government support into land rents and prices. It assesses the consequences of inflated asset values, and suggests lessons for future policy making.

Money: A Mirror Image of the Economy (2nd ed.) by JW Smith. h/c \$32 or download free from www.IED.INFO/BOOKS/MONEY

"Only a handful of great books, brief and highly focused, have moved civilizations significantly forward. This is one of those rare books."—Professor Glen Martin, author *Millennium Dawn*

Economic democracy: A Grand Strategy for World Peace and Prosperity (Green Economics for Sustainable Development) (2ND ED.) by JW Smith. h/c \$35

Published simultaneously with *Money*—Smith looks at the historical implications of reform, describes how economic property rights have allowed plunder by trade, and reiterates his argument for monetary reform.