

Proving Economics A Science

(The 83rd. weekly radio lecture by Editor L. D. Beckwith (The Forum and No Taxes), speaking as The Voice of Freedom, KWG, Stockton, Calif.)

On May 24, 1937 Harold G. Moulton, president of the Brookings Institute, Washington, D.C., delivered an address, asking and answering the question whether there is a science to which we can turn for the solution of social problems as we turn to other sciences for the solution of shop problems. He said: (Qt)

Is economics a science? The answer clearly is that if by science is meant a body of laws or principles as unchanging as the procession of the equinoxes the answer has to be no. (Unquote)

Here, then, is an institution supposed to be devoted to scientific research which tells us, First, that there are no fixed, dependable principles to guide men in economic planning; and Second, that we have in this field only the ever-changing results of ever-changing conditions which, he says, are not governed by dependable laws and so must evolve chaotically.

All of which means that, according to the Brookings Institute, no one knows, nor can any one ever know, what should be done to establish industrial justice and honest government.

If that is true—if we are the victims of a chaotic and meaningless evolution which evolves according to no fixed and dependable principle, it is impossible to trace any condition to its cause, or predict the result that will follow any condition; and economic planning is impossible and society is without hope!

Fortunately it can be proved that this is a mistake, and that there are dependable natural laws that govern social conditions; and that social problems can be solved by resort to these laws, just as we solve shop problems. Here is the proof:

1. **Men have the instinct of self-preservation**, and are disposed to "look out for No. 1". This is a dependable general rule.

2. **Men seek their own welfare with little thought of others.** Whether this is called a law, or a principle, or just a fact, it is definite, positive, permanent, unchanging and dependable.

3. **Selfishness prompts men to get what they want the easiest way, without regard to others.** Here, then, is another dependable natural law that we may put thus: **Selfishness leads men to gratify their desires with the least possible effort.**

4. **Because of this law, or principle, which we may call the law or principle of minimum effort, it follows that men place different values upon different locations, these values depending on the relative ease with which it is possible in these various locations for men to gratify their desires. Naturally the highest values are placed on the most advantageous locations. And this is a definite, positive, permanent, unchanging and dependable principle, and a safe basis for planning.**

5. **The monetary value, or what we call the rental, value of a location depends always upon the degree to which the advantages of that site are more desirable than those of the best loca-**

tion that can be had free of rent. Whether or not we call this a law or principle, this is also dependable.

This makes five definite, positive, permanent, unchanging and, therefore, dependable natural laws of economics.

6. The same unfailing fact, law, principle, or whatever you call it, that fixes the rental value of a site, also fixes the total amount of wages and interest that a man can make on that site; because he will have left for himself only what is left of his product after the payment of the rent.

7. The law which we call the law of minimum effort means that men are going to get all they can out of the game, or they will refuse to play. And, because Capital and Labor need each other, this means that, in a free market, where each is free to deal, or refuse to deal, Labor and Capital will protect their respective interests—that is, to get the other's help, each will make whatever concessions may be necessary. As team-work is necessary the result will be that what there is left of society's product after the payment of the rent will be equally divided between Labor and Capital, being on the whole and on the average one-half wages and one-half interest.

8. No man can get wages without the investment of labor, or get interest without the investment of capital; and then his wages and interest is always more or less as his investment is more or less. Hence wages and interest are obtainable only in proportion to one's own contribution to our general welfare.

9. Unlike wages and interest, rent in the sense of payment for location value is got by the mere fact that the receiver of the rent owns or controls the location; but this act of control, or ownership, is not productive, or in any way useful. Hence, as wealth does not produce itself, but has to be produced, any one who gets wealth as rent (Ground rent to you?) gets it at the expense of others who produce it but do not get it; and the more he gets the more the rest of us must work for nothing.

10. As wages and interest are got only in proportion to one's effort and merit and as the only other way to obtain wealth is to get it as rent, it follows that the only way to profit at the expense of others is to be in a position to collect the rent that accrues by reason of their activities and their virtues.

This makes ten natural law, or principles, or facts, that are definite, positive, permanent, unchanging and dependable.

11. No matter what a man wishes to do, he must have land on which to do it, and have land on which to live while doing it. The rent men pay for such land is really the price they pay for their jobs. If any part of the rent (land rent to you, perhaps), goes into private pockets the people are to that extent share-croppers, dependent for the the privilege of living upon those of whom they buy their jobs.

12. If the rent is privately appropriated, and is permitted to go into private pockets, it cannot be got except by the surrender of an equivalent value, which is thus syphoned from the pockets of the producers into the pockets of non-producers.

13. The larger the share of the product demanded in rent the less there is left for wages and interest; hence our wages and interest are determined as rent is, by the degree to which men can satisfy their desires on rent-free land.

14. The better the locations got free of rent, the higher

are wages and interest; the poorer these locations, the lower are wages and interest.

15. It follows from this that, if the rent goes into private pockets, wages and interest will not only rise and fall together, but they will rise as rent falls and fall as rent rises, showing that the line of cleavage over which industrial conflict arises is not between Labor and Capital, but between these two on one side and the appropriators of our rent on the other side.

16. Man is a land animal. He can live only on and from land, which is to man what water is to a fish. Hence those who own the land own those on the land—yet they are under no obligation of feeding them. Indeed, it would be poor strategy for the landed class to feed the landless; for the hungrier the landless get the more they will pay for jobs. When any public feeding is done, the bill is usually charged to the state or federal account; because this expense is not taxed against land.

17. The value of social and governmental conditions affecting us is registered in the rental value of the sites we occupy.

18. The selling price of land is not less than the capitalized value of the net rent. It will be more where the prospects for the future encourage speculation.

19. If the rent, no matter how much or little, were collected instead of taxes; so that there would be no net rent, no one could profit by holding unused land.

20. If no one could profit by holding unused land, all unused land would be unclaimed land, available free of purchase.

21. Destroying the selling price of land and making all unused land free land would destroy speculation in jobs.

22. If the private appropriation of rent were prevented and all unused land became free land, the money that now goes into the purchase of sites (say 20% of our development bill), would go into improvements, fixtures, furnishings, equipment, or embellishments and business would be increased 25%, increasing the demand for labor proportionately.

23. If all the rent (Ground rent to you?) were collected into the public treasury, the government would have the value of the service it renders and could finance itself without taxes.

24. But, as the government would have, also, the rent that is paid by reason of privately-financed service and advantages, such as those furnished by theaters, churches, markets, etc., it would have a surplus revenue over and above that necessary to finance itself. This would be available for new capital investments, such as new highways, new bridges, new equipment.

25. The collection of the rent instead of taxes would deny men rent and limit them to wages and interest and stop exploitation; because as each could get only his own, no one could get anything at the expense of others. Justice would prevail.

26. If the rent were collected instead of taxes and men were denied rent and limited to wages and interest, it would be impossible for men to profit by the results of a war, and all men would be selfishly interested in peace; and we would have an end of war and of rumors of war. (See No. 17.)

27. If men were limited to wages and interest, no man could profit selfishly by reason of the control of the government; and men would, for selfish reasons, lose interest in crooked politics. The political machine would stop for want of "grease".

28. If men were denied rent and limited to wages and interest, it would be impossible to profit selfishly from the political control of a city, or district. There could then be no "protected" district, and commercial vice would be impossible.

29. All men are gregarious. Each race instinctively prefers to live by itself. Given free land, the races would instinctively segregate themselves—and do it more effectively than we can do it by law and by police power. Then, as there would be no land value to be depreciated if an unwelcome race crowded into a neighborhood and as any one wishing to move out of the neighborhood could get a new location among his own people without having to purchase it, the invasion of a neighborhood by an unwelcome race would not then cause the financial loss that results now from such an event. This would eliminate the most serious cause of racial friction.

This instinctive segregation of the races would result in our having Black belts and White belts and, out West, Japanese, Chinese, and Mexican belts. The mixed bloods would as instinctively choose to live near, and probably between, their parent races. In the case of Mulattoes, the darkest would be nearer the Black belt, the lightest nearer the White belt. The result would be that the color line would be hard to find; and, as each race would, under those conditions, be glad to do business with the others, friction between the races would cease, even though race prejudice still survived. And this, too, would be in accord with race instinct and, therefore, dependable.

Here, then, are dependable natural laws that will solve the problem of Labor, the problem of Crooked Politics, the problem of Commercialized Vice, the problem of Race Prejudice, and problem of War.

By the aid of these natural laws of economics we can solve problems in civics, politics, industry and statecraft as by resort to the natural laws of physics, and chemistry we solve our shop problems; and have wholesome civic conditions, honest politics, democratic government, industrial justice, racial harmony, and world peace, not in spite of the selfishness of men, but because men are selfish!

30. As no one could get rent, no one would be selfishly interested in controlling the government; hence no one would wish to control political news and the Press would be really free. The newspaper men's instinctive love of "scoops" would cause the publication of all the news to which we have any right.

31. As the people would be politically well informed, they would be as wise and high-minded politically as they are in private business; and selfishly interested in good government.

We can by taking advantage of these natural laws of economics stop graft without reforming the grafters; solve the race problem without overcoming race prejudice; have industrial justice, social security, and end war without restraining the selfishness of men—by making Greed chief of police.

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