

acknowledge our indebtedness to those who are no longer with us but who did toil for the truth that Henry George made clear and thus laid the foundation on which we are now building.

We have taken upon ourselves the work for a great cause. How soon that truth shall prevail which it is our work to make known depends now on ourselves. During this Congress we shall have the opportunity of hearing how far the ideas of Henry George have advanced in various countries—in practical legislation or otherwise. I know that what we hear, and the practical knowledge we obtain, will both incite us and enable us all to carry on, stronger than ever.

A world of people are waiting, who desire to convert their longings for peace, security and prosperity into a practical programme of economic adjustment. Certainly: the Future is ours!

For in the inspired teachings of Henry George we find the practical programme of economic adjustment that will not only secure a material prosperity in proportion to the existing power of production, and secure political peace as well, but will—by removing insecurity and fear—make possible a spiritual emancipation that we feel the world needs and desires today above anything else.

## Principle and Policy

By DEWITT BELL

**I** HAVE been asked to outline briefly the principles underlying the Georgeist view of society, and the policy which seems a necessary inference from a consideration of these principles.

Before it is possible to intelligently discuss principles it is necessary to have a clear understanding of what a principle is. As used in scientific discourse (and this is, of course, the sense in which we are interested in the term) a principle is a natural law, a broad, fundamental natural law. It is thus a generalized statement of observed fact. It expresses observed invariable regularities in the relations of phenomena. For example, Archimedes' principle expresses the relationship between the buoyant forces exerted upon bodies immersed in (or floating on) fluids, and the weight of the fluid displaced.

First principles are first principles *not* in point of time of discovery, nor simplicity—but in that they are more fundamental. This does not mean more true, but rather—nearer the foundation—more general in their application. For example, in determining the position a floating body will assume in water (right side up—upside down, etc.) many factors may enter, and will enter in accordance with the appropriate natural laws. *But*, the first *principle* of floating bodies (that of Archimedes) will apply, and you may be very sure that no matter what the size or shape

of the body, and regardless of the position it may take, it will sink to such a depth that it will displace a volume of water the weight of which is equal to its own weight.

It is important to remember that principles or natural laws do not originate in the imagination as do theories. Their statements are the result of direct observation, and are arrived at by a process of induction.

Turning to political economy, it is obvious that the phenomena concerned in the production of wealth are associated with human actions. Therefore any general principles applying to human actions will be general principles, *first* principles of political economy. *All* conscious human actions are prompted by desire and have as their aim the satisfaction of the desire. There is an invariable regularity in the manner in which human actions are exerted. We might call it the "principle of least effort." It is stated by Henry George thus—Men seek to satisfy their desires with the least exertion. It is properly called by George the fundamental principle of political economy. There are other laws covering certain phases of human activity, but this is the *first* principle which applies to *all* human actions.

Now political economy has been defined as the science which studies *mankind* (as a whole) getting a *living*. Thus two factors are thrust directly at the prospective student. 1. *Mankind*. 2. The *living* which mankind gets. The next observation is obvious. There is such a thing as the law of conservation of mass and energy. Out of nothing you get—nothing. There *must* be another factor, a source from which the living is drawn. It will be observed that these three factors are fundamental to *all* the phenomena associated with mankind getting a living. Thus the *fundamental* picture of political economy is the picture of mankind, by its labor—upon the source—producing the living, and the factors stand out as labor, the active factor—land, the passive factor—wealth, the product. These are the fundamental factors, and the *only* fundamental factors.

Now comes an observation of vital importance in the study of political economy. These factors are separate and distinct, as has been shown. In the elaboration of the science they must be *kept* separate and distinct, or there will be no science. How, in the name of all that's scientific, can one hope to discover the laws relating factors if he does not keep the factors and what they represent distinct and separate? As George suggests, how could one hope to perceive the laws of momentum or impact if he failed to keep separate the factors of mass and velocity? Yet this is exactly what has been done by a majority of "authorities" in the field of "economics". (Some one on the radio programme "Information Please", last week defined an "authority" as "A man who don't know, among people who don't know that he don't know"). They have nonchalantly taken from the fundamental

factor wealth, a sub-group, a very important sub-group—capital, and proceeded to treat it without making any distinction between it and the fundamentally distinct factor—land. The results of this error are clear. They were, of course, necessary results of the error. It was impossible, because of this failure to separate factors, to come within a mile of understanding the laws of political economy.

The failure to separate land and capital is reflected in the failure to differentiate rent and interest. (Or is it perhaps an *unwillingness* to differentiate rent and interest which leads to the failure to keep distinct the factors land and capital?) Regardless of why this error persists it has made impossible an understanding of the laws of the distribution of wealth. There could be no correlation of the laws of rent, or wages, and of interest. Without an understanding of these laws and their necessary relation one cannot have the slightest true perception of the effects of material progress upon the distribution of wealth. He isn't going to be able to see increasing population and technological advance everywhere increasing the share of produced wealth going to non-producers as rent, for the privilege of using land—thus decreasing the share left for labor and what is *really* capital. He can't possibly understand the consequences of the speculation in land which naturally results from this steady advance in rent (and therefore in land values). He may suspect that industrial depressions are in some way related to "speculation," but as to how, he can't have the least idea. He is much more likely to attribute depressions to sun-spot cycles, or to undertake some involved statistical analysis, using, of course, statistics which fail to separate fundamental factors and are therefore valueless. In brief, he cannot understand the relationship of progress and poverty, and will demonstrate this lack of understanding in the most amazing ways. Some will compile statistics to prove that there isn't any problem of poverty. Farmers will be paid to keep fertile land out of production, while hundreds of millions are spent to make fertile, great areas of land which before was essentially desert. Little pigs will be slaughtered while millions wonder where their next meal is coming from. The loss of the independent spirit of the pioneer will be bewailed, without any evidence of understanding that the source of this independent spirit was free access to land. Whole peoples will sacrifice their individual liberties to demagogues who, as dictators promise them jobs and something approaching economic security. Attempts will be made to substitute "the wisdom of man for the wisdom of God" (as expressed in natural law). As these schemes fail, as they must, in the struggle for existence, each against the other, race hatreds and intolerance will flare up; more and more restrictions on trade will be piled up, adding to the distress of the peoples

imposing them, and fanning to a white heat international ill-will. And all this, because of a failure to understand the natural laws governing the production and distribution of wealth, a failure traceable to failure in the first necessary step in *any* science—separation of the fundamental factors for study.

I am supposed to say something about policy. To my mind policy falls into a position secondary in importance to an understanding of the principles. I believe, with Henry George that the remedy suggests itself when the *principles* upon which it is based are understood. I further believe that any attempt to establish the remedy by legislation before the principles are understood would be dangerous. Without such a general understanding (which means a general desire for this fundamental reform) it could be too easily sabotaged, and "the failure of the Single Tax" pointed to forever and a day thereafter.

The remedy will be bitterly contested until it is understood. It can be understood *only* through an understanding of the principles upon which it is based. Therefore, as to policy, I think we may well take a cue from Tolstoy, who said, "Men don't argue with George's teaching, they simply don't know it." This is just another way of saying they don't understand the principles involved. George explained the principles, and you and I understood them. Then we were ready to accept the remedy. Very well, let us then focus our efforts upon creating a more general understanding of the principles. We first gained this understanding by reading "Progress and Poverty." Let us encourage others to follow the same route. If, as the Bible tells us, "My people are destroyed because they lack understanding," let us do our best to avert the destruction by correcting this lack of understanding. This, it seems to me is the policy dictated by logic and expediency alike.

**A**LL over this country, in towns big and little, there are "Tax-Payers' Associations," solemnly considering how the taxes are—or should be—spent. Not one of these serious-minded groups seems to realize that it is far more important how the taxes are raised.

And yet among them are undoubtedly many men who, in their own lives, live up faithfully to the advice of their fathers; "Earn your money honestly, my boy, or you'll never spend it sensibly."

Yes, they live up to this advice all along the line in their decent honest lives. But so few of them seem to realize that the same advice would serve just as well for raising the public money, and that it is really more important, for the public welfare, to consider the question of how we raise our taxes—*what* we tax—than to continue worrying over the question of how this money—not honestly raised—is spent!