

## Classical Analysis of Political Economy

By Harry Pollard

As the Los Angeles High School "Interstudent" Program gathered strength, it became evident that the content of our teaching required important revision: the reconstruction of Henry George. The *Progress and Poverty* course was inadequate as a basis for an encompassing and satisfying philosophy, serving mainly as a vehicle for land tax reform propaganda, with any educational role underplayed or forgotten. The deeper implications of the classical political economy of which George was so articulate a spokesman was lost to all but a few of the thousands who completed our courses.

No one can doubt the importance of the Rent theory in the classical analysis, and few object to the Rent Fund as a source for community revenue. However, the time spent on land value tax discussion must be subtracted from the total available, leaving little for the other important aspects of the science. This is not to deny the assertion that if we don't, *who* will? Rather it is to emphasize the nature of our courses as advocacy and instruction, and therefore their unsuitability for philosophical education.

Yet the need among students for philosophical understanding of Man, and his relationships with his own kind and with his world, is obvious. Generations of social studies have done little to reduce a mountainous ignorance of Man's behavior, a failure evident in the aftermath of every electoral contest. But the teaching of philosophical ideas requires consistency. An incoherent philosophy withers under attack; a coherent philosophy displays a cohesiveness that encourages not only understanding, but confident excursion into unknown areas.

In preparation, the study known as "The Classical Analysis" required little addition to previous writings, but called for the extraction from the voluminous literature of political economy of that skeletal reasoning we call "science." Henry George, perhaps the last of the great "classical" analysts, achieved his renown not from his great leaps forward, but from his ability to press the essence from their complexities. He gave the potential for understanding by simplify-

ing the ponderous; but the providing of a brilliant solution to revealed problems led to its burial beneath the popular campaign for the "Single Tax."

The whole structure of classical political economy rests on the recognition of human nature reflected in the two axioms: "Man's desires are unlimited" and "Man seeks to satisfy his desires with the least exertion." "Desire" is not the same as "want," but implies intent to satisfy. Political economy is concerned only with actions outwardly discernable. The contention that all value is subjective is a startling statement of the obvious, for everything is subjective to us. Our desires will form a pattern of priority in which the strength of the desire will be measured against the ease of its attainment.

The important word in the second assumption is "seeks." The implication is not that Man exerts least, but that he *looks for* the least exertion. The market place is the arena where this is most readily seen. Both assumptions are observations and are not the same as describing Man as greedy or lazy, which are value judgments. They are natural laws (recognitions of experience) which indicate that Man has purpose. Animals obey the "economy of effort" principle because those who do survive, but choice is not involved. Man may choose his direction, and his survival indicates an effective reasoning ability.

Now we must make some concept definitions, and attach names to them. For example, a group of co-operating free men would be likely to agree to equality, each desiring to be more equal, and refusing to be less equal, than the others. Though perfect equality may not emerge, cooperation is advantageous and its price is (approximate) equality. We can call this defined concept by the name of "Justice."

When a group of people cooperate, they accept a code of conduct, which constitutes their "morality." Of course, moralities vary under differing circumstances, and we can conceive not only a better morality, but a "best." The study and practice of the best morality we can call "Ethics."

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To illustrate the effectiveness of carefully defined and appropriately named concepts, we can trace the relationship of Law and Privilege. We begin with Natural Law, which is a recording of experience, an observed natural regularity. As one high school student said, disregard a natural law and you get zapped! To avoid the "zap," we adopt rules, which are homely guides to action. People obey the rule to reduce speed when driving around a corner because they know it is in their interest, even if they are unaware of Newton's laws of motion, the natural laws that give authority to the rule.

Rules may be made into laws by legislatures. Such laws are sensible and fair, and are accepted by most of us, since the deterrent penalty is less crucial than the "zap" of a disregarded natural law. The speeding driver, caught in a school zone, does not curse the law, but his own stupidity; and the community offers him scant sympathy. But not all things legal are laws; some are "private laws" or privileges, and these are neither sensible or fair. They spread resentment and evasion, and a cynicism which tends to include even valid laws. Those most responsible for the breakdown in law and order are those who support *privilege* and order.

The most important characteristic of a privilege is the benefit it provides one at the expense of another. Values move in one direction without recompense — a "one-way exchange." George called these "values from obligation."

Civilization is synonymous with cooperation, which may be voluntary or involuntary. The extent of a civilization may be measured by the amount of cooperation, and its quality by the percentage of cooperation which is voluntary. A community is either free or not. Any interference by force with a free community makes it not less free, but unfree. Similarly, a slave is still a slave no matter how comfortable his condition. When non-contractual values pass without recompense from one to another, the payer is enslaved, his community is unfree, and statism erupts in one form or another.

The most complex matters may be simplified by using the tool of classification. The entire universe may be reduced to the four concepts labeled Land, Labor, Capital and Wealth. George followed the example of his predecessors and used these concepts, albeit with some revision, and with careful precision.

Political economy is not concerned with a situation where producer and consumer are one. The "science of the natural social order" examines cooperation, and therefore exchange in the community of

Man. The completion of exchange is the limit of examination. The description of the science as a "study of the nature, production, and distribution of wealth" implies that when production is completed, so also is the interest of the scientist. But the *incomplete* product is called capital, and is said to be "not in the hands of the consumer" or "in the course of exchange."

We may say that in simple pre-political economy, the two factors of production, land and labor, produce wealth. When cooperation (civilization) begins, and thus political economy, time enters as a third factor and combines with the other two to produce capital, which is produced until the product reaches the consumer, when it becomes wealth and is used.

Rent and Land-Value are not the same, unless they are so defined. However, they are useful terms to attach to values of land that occur under different circumstances, these being values that occur in a free and in an unfree market. In a free market there can be no obstacle to production, or to contact between buyer and seller. In such case, the "price mechanism" effects an equilibrium. A shortage causes a price increase, stimulating production and supply, which satisfies demand and lowers price. An oversupply works in a reverse manner to accomplish the return to balance.

It is not so with land. The conditions of a free market are mobility and unrestrained production, but land is not mobile, nor can its supply be increased. Not for land is there the urgency that impels labor and capital to the market. The "price mechanism" regulates the returns to labor and capital, but the return to land is not a payment for productivity, but a premium for possession. I suggest this return is not comparable to wages and interest, and should be given the name "land-value," it consisting of rent plus a speculative premium arising from natural monopoly. The free market return to land should be called rent. Anything will be held if there is potential gain and no cost, but it will not be held if cost offsets any potential gain. If there is a charge on land-holding, and it is sufficient, the land will not be held for an anticipated benefit. This is the economic justification for the full collection of rent.

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# "Speak to Me, Dance with Me"

Reviewed by Dorothy Sara

Agnes de Mille's recently published book is a dramatic and moving memoir. In engagingly eloquent style, it tells the touching story of the anguish, the misgivings, and the perseverance of a young artist trying to make her way to the top in the ballet and theatrical worlds of London, New York, and Hollywood during the depression years of 1932 - 1935. Driven by the intensity and dedication she inherited from her grandfather, Henry George, she was determined to make her mark in her chosen field.

Much of the book consists of letters written by the author to her mother, Anna George de Mille, describing the tribulations she experienced as a young dancer in a strange country. Of special interest are Ms. de Mille's accounts of many dancers and choreographers then at the outset of their careers, who, like herself, have since become world-famous.

She also writes feelingly of her meeting many "Single Taxers" in Britain and Europe, who were friends of her mother, and some of whom had been contemporaries of Henry George. Further evidencing her life-long interest in her grandfather's ideals, the author devotes the last pages of her book to a reprint of George's "The Single Tax: What it is and Why we Urge it."

*Speak to Me, Dance with Me* is a powerful portrait of a young woman with vast talent and unbounded energy. It successfully conveys the essence of the author's profound need to dance, and penetratingly reveals the anatomy of genius, not only that of Agnes de Mille, but also of those with whom she worked. It is a book having appeal not only for those interested in dance and theatre, or those interested in the Georgist philosophy, but to all who admire the pluck of a gifted young woman carving out a distinguished career.

*SPEAK TO ME, DANCE WITH ME. By Agnes de Mille. Illustrated, 404 pp. New York, Atlantic - Little Brown. Cloth-bound, \$8.95.*

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# Oscar B. Johannsen

## An Affectionate Profile

Considering his youthfulness, his enthusiasm, his energy, and his alert inquisitiveness, it seems almost droll to refer to Oscar B. Johannsen as an "elder statesman." Yet he certainly has earned that title, after forty years of active involvement in the Georgist movement. But what makes him worthy of the honor is not so much the duration of his devoted service, as it is the quality of his devotion and the extent of his accomplishments.

Now, as in the past, Oscar continues to give generously of his talents as teacher, writer, speaker, and administrator. He is president of the Henry George School of New Jersey, as well as a member of the Executive Committee and Board of Directors of the Robert Schalkenbach Foundation. At the New York Henry George School this fall he will give a course on "Money and Banking," subjects on which he has become an acknowledged specialist.

For many years he has taught classes at the New Jersey HGS; and he has contributed many articles to its publication, *The Gargoyle*. Characteristically responding to any call from those sharing his principles, Oscar is also an editor of *Fragments*, and a director of the Henry George Institute. (Believe it or not, in his "spare" time, O.B. is working toward a Doctorate in Philosophy.)

In an effort to gain a wider audience for the Georgist viewpoint, he has taken to the hustings and is currently running for State Senator in New Jersey's 20th Legislative District, as an independent on a ticket labeled "the Individualist Candidate."

One of the products of Oscar's prolific pen is a provocative pamphlet entitled "Private Schools for All," which has had a wide distribution throughout the country. He has also written a book, "Man's Eternal Dilemma," in which he combines Georgist concepts with some fundamental views on money and on government. Regrettably, to date he has been unable to find a publisher willing to put his opus into print. However, with typical Georgist tenacity, he vows to get it before the public even if he is obliged to publish it privately.

It is a privilege to know Oscar B. Johannsen, and it is truly a pleasure. May he long continue his endeavors, and may he enjoy every minute of it.

— S.A.M.

## Fall Classes Announced

The schedule of classes for the 1973 fall semester at the New York Henry George School has been announced by Stanley Rubenstein, acting director. It will comprise both basic and special courses. With the one exception noted, all classes will be held from 7 to 9 P.M. at 50 East 69th Street, and will start during the week of October 1. No tuition fees will be charged.

Courses in *Fundamental Economics* will be given on Monday, Tuesday, Wednesday, and Thursday. In addition to the Wednesday evening sessions, there will be a class in the subject on Wednesday afternoon, from 1 to 3 P.M. Mr. Rubenstein anticipates that a total of six to eight classes will be enrolled, but is prepared to increase the number if greater student response is indicated.

On Tuesday evening, a course will be given on *Money and Banking*, which will cover in-depth the nature of monetary currency, its function in political economy, and the manner in which it is manipulated. Oscar B. Johannsen will act as instructor.

Wednesday evening's special course will be *The History of Economic Thought*. The origin, development, and history of important politico-economic theories will be comprehensively discussed in the light of modern economic thinking.

A *Seminar in Political Economy* will be held on Thursday evening, with Sydney Mayers as moderator. The aim of the seminar will be to review and re-evaluate in 1973 terms the economic principles and social philosophy of Henry George.

## To Market, to Market...

Thanks to man's unfortunate proclivity to ignore, or to attempt to by-pass, the natural laws of political economy, every era finds it necessary to face up to its particular economic crisis. Grandpa had to contend with "hard times," Dad with a "depression," and we today worry about the constantly decreasing buying power of our hard-earned dollars.

Concomitantly, every national administration seems to come up with its own "solution" for the problem: sometimes a novel economic strategem, more often an old plan with a freshly-coined label. Currently the policy of *Phases* is the purported antidote for inflation and cheap money. That it has succeeded no better than prior devices is all too evident. Complicated schemes do not a solution make.

The true solution is so obvious that, to more-or-less quote Henry George, if it were a dog lying in the street you would trip over it. It requires simply the application of basic school-boy arithmetic. Money buys goods and services. If there is lots of money, and a limited availability of goods and services, clearly more money must be paid for each item demanded. Conversely, given an abundance of goods and services, and a balanced supply of currency, then more satisfactions will be obtainable for less cash.

Thanks to a bumper crop on the shelves, a head of lettuce which a fortnight ago brought eighty-nine cents now sells for thirty-nine. Let lettuce serve as the example! All that need be done is to increase production, and costs will fall. We rest our case, oversimplified as it may be.

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