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**ECONOMICSTS CONTINUE TO IGNORE THE CAUSAL
RELATINSHIP BETWEEN LAND AND ITS RENT AND THE
SO-CALLED BUSINESS CYCLE**

By the Editors

WILLIAM T. FOSTER and Waddill Catchings started a very pretty discussion in their work on "Profits," and followed this up with an article in a recent number of the Atlantic Monthly entitled "The Dilemma of Thrift." In the Atlantic article these gentlemen lay the failure of prosperity to continue indefinitely at the door of thrift. Harriet Bindley Fitt replies to Messrs. Foster and Catchings in the July Atlantic, in an article entitled "The Ancient Virtue."

THE authors of "Profits" are to be commended for an honest, and from their point of view, an unbiased examination of the problem, why periodic "prosperity" is followed by years of depression and unemployment. We would not wholly dismiss these ingenious and ingenuous explanations of why this is so, since in the economic confusion resulting from the denial of the primary laws of distribution a lot of subsidiary factors assume an importance that is not of their own by right.

AND assuming this to be so, Mrs. Fitt, who received her Doctorate of economics from Columbia, makes a reply which while a demonstration of the unsoundness of the position taken by the authors of "Profits," leaves us pretty much where we were before. She, too, is obsessed by the notion of "business cycles" i.e., that these are the inevitable accompaniment of industrial progress, that prosperity must be followed by depressions and these by periods of recovery in which industry again draws itself together, wages begin to be normal, and business continues fairly active until the next interruption.

MRS FITT tells us that "as business is now organized it is impossible to prevent the recurrence of depressions." But she sounds a note of hope in the following: "Progress is to be expected only through an increasing knowledge of the causes of business crises and more accurate forecasting of the future," to the first clause of which sentence we append a fervent "amen."

IF in the consideration of any problem we omit one or two important factors any possible explanation comes easy and looks plausible. The thing can be done in mathematics or chemistry. In the department of economics the process is fatally easy. If we omit land as a factor, and ignore economic rent, the weirdest explanations do not lack a certain plausibility. The absence of these factors multiplies words and gives a fatuous distinction to "Learning." Controversy rages fiercely, though somewhat erratically, around scholastic terms that bewilder the neophyte. This is the reason why political economy is a dead study and why nobody really cares. The simplicity of its fundamental laws and the harmony of their relation are obscured in a maze of pretentious nonsense, fearfully and wonderfully made. Entire vocabularies of technical terms are injected into the discussion and these serve, not to elucidate, but to render opaque what could be made as clear as crystal.

HOW can any definite conclusion be arrived at when economists persistently ignore the relation of land and its rent to production and distribution? In a word, when life is dependent upon access to land and when such access is conditioned upon private whim or profit, economists talk in terms wholly foreign to these very patent considerations. Where the private appropriation of economic rent determines the course of industry, the rate of wages, the return to capital, these gentlemen talk of "business cycles" and of "periodic depressions," as if these were the naturally ordered incidents of divine intention, like the cataclysms of nature.

IN the world of production men make things for consumption or exchange. These they must get from the earth. Instead of having free access to this earth they must pay others for its use and occupancy.

The price paid is the natural economic rent, plus the speculative rent. Landowners, producing nothing, contributing nothing, are the silent partners in all industry. The more they take the less there is for those who make. As the demand of the landowners increases, the ability of production to meet the demand steadily lessens. Then the interruption comes; more is demanded than labor and capital can pay, and at the same time reproduce themselves. The "business cycle" has run its course, the period of depression has set in. We now face a period of hard times and unemployment.

As men are turned from factory doors, they mutter bitter things against "capital." Capital wonders why labor is so unreasonable. Profits are declining, sales are decreasing, and capital cannot pay the wages that are asked. It never occurs to either of these partners in industry to look for "the silent partner," whose subtle exactions are the real cause of the breakdown of industry. And around this problem of economic depression, just by ignoring the presence of this "silent partner," waiting in the background, so-called political economy has built its conflicting theories, its fanciful explanations. The professors of this science say nice things of one another; hail as matters of supreme importance discoveries of new and strange terms, and mixing this fearful hodge-podge serve it up to students at universities and colleges, who straightway forget it all as soon as the doors of their alma mater close upon them. They have learned nothing and most of them have the sense to know it.