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IS WIDER KNOWLEDGE OF POLITICAL ECONOMY NEEDED TO SOLVE NATIONAL ECONOMIC PROBLEMS?

My answer to the above is yes. Political Economy is the study of the production and distribution of wealth and needs to be returned to the economics courses taught in schools and colleges so that more people are able to understand how wealth is created and how it is distributed between the factors involved in its creation. Only then will more people be able to understand why there is poverty, underemployment, unemployment and increasing inequality in wealth and health, so that they can challenge politicians in sufficient numbers and persuade them to make the radical reforms of our taxation and monetary systems necessary for improvements to be made.

Most of the commentators on economic matters on radio, television and in newspapers have qualifications in economics but have little or no knowledge of Political Economy and were taught *Neoclassical Economics*, a title which gives the impression that it is based on the Classical Economics of Adam Smith, William Ogilvie, David Ricardo, John Stuart Mill, and Henry George. It should be called *anticlassical economics* because it does not accept the classical theory of the creation of wealth which says that Wealth is created by Labour using Capital and Land, and is distributed as Wages to Labour, Interest to Capital and Rent to Land. Anticlassical economists say that Land is Capital and Land is not a separate and distinct factor and therefore Rent is irrelevant. They consistently declare that high and rising house prices are beneficial to the national economy but the opposite is true and they are unable to see that the high prices are due to the high price of land. This means that few are aware that the price of houses will not be reduced by building more houses because banks can create money for mortgages from nothing, faster and more easily than houses can be built.

Gross Domestic Product is a poor indicator of national prosperity since nothing is produced by much of what constitutes GDP. For example, the increase in the price of land on which new houses are built does not produce more land, and money which is wasted on futile government projects still contributes to GDP, which would be better described as GDC, Gross Domestic Cost. A new index is needed but few are able to define GDP and even fewer are competent to challenge its use.

A revolution in education is needed to return Political Economy to the core of the teaching of economics in universities but those who are in charge of what is currently taught are not likely to take kindly to being told that what they were taught and what they have been teaching for decades is useless for understanding how the economy should function and why there are booms and recessions, which are completely avoidable. Advanced mathematics constitutes most of what is taught instead of Political Economy and hardly anything is said about economic history. Every student of economics should read *Progress and Poverty*, written by Henry George in 1879. There is little time spent on discussion or criticism and only those who are talented in mathematics are deemed suitable to be called economists. The Classical Economists described their theories without the use of complicated mathematical equations or meaningless jargon so that even uneducated people could understand what they said.

Unless Members of Parliaments who are ultimately responsible for funding the establishments which teach and do research in *economics* can be persuaded to revolutionise what is taught, nothing will change. More people could become aware that economics is a simple subject to understand if it is stripped of all jargon and words such as Capital, Land and Rent are used according to their proper economic meaning. 🇬🇧

Editor's note:

This article is a written response to the cover story "Economic Infighting: Is Political Economy The Right Answer?" by Edward J. Dodson in Land&Liberty issue 1256.

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