

## Message from the Publisher Spring 2014

**W**ELCOME to this edition of Land&Liberty, the first by our new editor Joseph Milne who has provided us with much food for thought. I believe this chimes with an important aspect of Henry George's work for, whilst he was politically active all his life, he famously declared his primary concern was not with how people voted but how they thought! This was shown in the priority he accorded to ethical considerations and how, when he agreed to stand for election for Mayor of New York in 1886 he declared that he did so less in the hope that he might be elected than because it presented an opportunity to influence how millions of people thought.

In one way or another each of the main articles in this edition relates to value and George highlighted three important points regarding this. First, that the common measure of value (money) was not fundamental, second that value could arise from two distinct sources, and third, that the same word was used to refer to two quite different and contrasting ideas or forms of value.

### What is it that creates value

George noted how the toil, trouble or exertion that a person was prepared to undergo in order to obtain something represented a more fundamental measure of their valuation of it than money. He saw how money becomes a medium of exchange because it is valued, rather than that money is valued because it is exchangeable. His insight, that value can arise from two distinct sources explains why money is valued. It is similar to the reason why people attribute a value to land - they must! Without access to money or land people are unable to participate fully in their community. The value of money, like the value of land derives then not from production (or the associated toil and trouble) but from the obligation people in general may be under to render toil, trouble, exertion or the fruits of exertion, in order to get it.

### Economic reasoning shows 'value' is variable

When we appreciate these alternative sources of economic value (production or obligation) it becomes easier to appreciate why George so valued the work of Adam Smith who first made clear how, in economic reasoning it was important to limit the term value to mean only value in exchange and not to confuse it with value in use. He noted how something which was highly valued in use e.g. air, might have no exchange value at all, whilst something that had little or no value in use e.g. paper money, could have substantial exchange value. George lamented that Smith's insight had been generally ignored by the economic thinkers who followed him. He noted how in ordinary conversation this is rarely a problem since the context normally makes it clear or provokes a question for clarification. In economic reasoning,

however, where the idea of value in exchange is of such primary importance the danger of the same word being used or interpreted to represent the distinct and often contrasting idea of value in use has serious consequences

I am grateful to Joseph Milne for producing and editing this edition of Land&Liberty and hope you will appreciate the abundant food for thought he has provided.

**David Triggs**



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