How George Fits (or doesn't fit) within "science" of economics

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1. When discussing Progress and Poverty, we must focus on the book within its historical context.
2. George is recognized as the last major promoter of classical economics with his distinctive separation of LAND from CAPITAL – but, that may be a divergent point meant to discount the real value of his message.
3. True, George preceded the takeover of what was ***political*** economy by a "science" of economics, based on a ***mechanical equilibrium*** as a "sweet spot." Supply and demand, both optimized. But, George talks (instead) of ***dynamics***, and ***threshold conditions***.
4. More importantly, George was an early promoter of ***infrastructure asset services*** as part of the ***state-managed economy***, the COMMUNITY SECTOR, as separate and distinct from the private economy. I call this the **Economics of Cooperation**.
5. George called these services (e.g., water, transit, power, roads, education, police, healthcare) "social adjustments" – and when they are lacking, "social maladjustments."
6. By taking speculative ground rents out of the economy, George kills 2 birds with a single stone – unleashing productivity by relieving capital and labor from the burdens of taxation, replacing those revenues with captured land value, that which no individual owns – it is socially-created wealth.
7. The other bird is – land value paying for this "other" economy that is hidden from analysis for decades. State-managed infrastructure assets, until Elinor **Ostrom's formulation of a common pool resource management system** – where small to large scale cooperative enterprises organize to sustain the social good.
8. Even if privately-supplied, government sets rates for the approved monopoly supplier of electrical power, natural gas, and other infrastructure asset services. Government fails when these services are mismanaged, as it appears NYC's MTA is.
9. John Kenneth Galbraith (*American Capitalism*, 1962) does a good job pointing out that monopolies and oligopolies from the 1890s to 1950s were successfully matched by various ***countervailing powers***, sometimes by ***government*** (as with the 1930's New Deal), thus unmasking the flaw in economic science in those times that would have you believe that the private economy was self-regulating, despite a few monopolies – they were the exception.

10. Galbraith explains the phenomenon of Keynes as something others spoke of but did not grab attention as Keynes did. In a nutshell, economic policy consisted of cutting taxes and/or increasing government spending in a recession to boost demand. (p. 178)
11. Then, increased prices and increased wages would be countered by higher taxes and lower governmental expenditures. All the while, private industry carries on. And, this is the point Galbraith makes; that ***Keynes comes to the rescue of the private sector firms, by creating a medicine for others to take.***
12. Alfred Chandler (*Scale and Scope; the dynamics of industrial capitalism*, 1990) provides an exhaustive analysis of the economies of the U.S., U.K., and Germany from the 1890s through 1970s. We are all familiar with "economies of scale," but those of "scope" we are not as familiar. Simply put, scope means emptying the box of parts of an economy, putting them together in new ways, not the same-way-but-bigger. Significantly, he points to Germany's culture of cooperative management of the economy as a factor benefitting its national wealth and position of an industrial leader.
13. I bring all of these things up to clarify what I see as unique in George's writing, and say that George was 100 years ahead of his time. He didn't describe the economy in monetarist terms as did Keynes, Galbraith, and Chandler do.
14. In Progress and Poverty, you see a genius saying
    a. Have your private economy, without monopoly power
    b. Make your private economy thrive, with no taxes on business
    c. Recognize the power of LABOR to initiate the production of wealth, and honor that role with no taxes on income.
    d. Take control of land values to fund all those things productive capitalists, laborers, and citizens equally need – infrastructure asset services. **THIS IS THE ECONOMICS OF COOPERATION.**