

Chapter XI

THERE has never been a time of serious economic and political ferment when the question of rights has not engaged much of the attention of the factions. Nearly all the great controversies of England, France, and the United States raged about the question; now little or nothing is heard about it. The reason for this may be the extension of the franchise; manhood suffrage, perhaps, is the modern conception of all the rights man is entitled to. Whether this condition means man is satisfied with the ballot or that he is disillusioned, since he has exercised in it several elections without betterment, is not clear. Anyway, he does not seem conscious of there being other rights he might have. If he were conscious, as his forbears were, that the power of the vote was not in itself, as a maker or unmaker of government, the end of political right, but the instrument to be used in the fight for economic right, he might, with knowledge, move mountains of political obstruction. The apathy of the voting masses in the United States is now attributed by some observers, "to the great blow to the liberal forces caused by President Wilson," who solicited votes at his second election, because "he kept the country out of the war," and "a few months after his election entered the fray with all the forces at his command." It is urged that this notion has taken a long time, ten or twelve years, to get itself deeply embedded in the mind of the rank and file, but now it is there to stay. If there be any substantial evidence for this explanation of the apathetic attitude of voters, it must be revealed only to "liberal" observers. There may be a no-

tion abroad that the electors have been defrauded in some way, but there is no medium of finding out what fraud they imagine has been practised. Save for the committees of business men there is no movement, no propaganda of the masses voicing their grievances. In Europe there are political and fiscal movements, but nothing is heard of the old basic economic controversies; the question of rights is as still as the grave. Have fifty years of political socialism and "liberal" paternalism been the cause of wiping out of the mind of the masses every trace of the subject of rights, natural rights? Is it merely coincidence that with the extension of the franchise and the growth of paternalistic and meddling departments of bureaucracies there is to be noticed a complete disappearance of those fundamental questions which burned so fiercely a generation ago?

Now the old question of natural rights may be revived in a few years in such a manner that all the thorny problems of the state and the church may be drawn into the arena of economic strife. Why this period should escape the old recurrence no one pretends to say. It is unthinkable that men of Western civilization will sink without protest into a system not unlike slavery. For let there be no mistake: an exercise in simple arithmetic will make it clear that, to meet the cost of government and debt, producers must be prepared to exist on bare necessities. Already the cry "slave for the bureaucracy" is heard, faintly, but it comes from only the large income class. To meet the cost of government, sustain credit, and maintain the currency, one thing, among many others of importance, must happen: wage must fall to meet the standard of the most skilful competitor. Every tariff trick to keep up "the standard of living of the working classes" has been tried without avail. It needs no Cobden to teach the people of the United States how evilly tariffs affect industry. There is not a single fiscal

dodge in the province of taxing wealth that has not been tried. The "capacity to pay" system is pretty nearly at the end of its tether. The stage is reached when scrutiny becomes persecution, when armies of investigators examine the affairs of producers and employers with scant courtesy. The methods of collection in severity have become Roman; soon they will out-Herod Herod's. The political state must do so if it is to be maintained. That is the consequence of the system; it always was the consequence, and always will be.

Therefore, it is only a matter of time. Slight relief now and then, when spasmodic trade revivals occur, will only prolong the agony. Budgets must be balanced, but budgets may be balanced and debt increased. It is not necessary to go into all the intricacies of the utterly vicious system. Those who are not familiar with "the thimblerrigging business" will learn through bitter necessity later on. So the question of natural rights will arise again when the burden becomes too great to be borne, and the peoples generally demand a change. But what change can be made consonant with the maintenance of the system? It will be this question of change, and the enormous difficulties confronting change, which will force consideration of natural rights to the front again. Less brought the question up before many peoples in the seventeenth and eighteenth centuries, when it was gravely considered by philosophers only to be ditched by politicians.

Looking back over the past three quarters of a century the student finds sufficient evidence to convince him that trade depressions never taught statesmen any lesson of enduring value. The lesson of the crisis was forgotten almost as soon as it passed and trade recovery set in. Comparing one trade depression with another, the same features are noticed in each one; varying slightly in degrees, all show an extraordinary likeness

in fundamental causes. Forget the label names of the error statesmen attempted to rectify, and think only of its nature, and soon the real cause of the depression is plain. For Corn Laws and all the other jugglery of label names manipulated by politicians, read: unequal distribution of wealth; then the cause of a crisis is not so difficult to get at, and it will be seen readily, when comparisons of depressions are made, that no matter how the complexities of one differ from another, the same fundamental error underlies them all.

That statesmen should be proof against the authority of experience is not surprising. They are, even the best of them, politicians first, and cannot be honest with themselves. Hence the reason for the political use of the term compromise—a mere conscience shield. Not only statesmen blunder in thinking the abolition of this or that superficial grievance removes the cause of depression; others, who are not shackled as statesmen are, suffer from the same delusion. Take H. D. Traill. In his introduction to Carlyle's *Past and Present*, he says: "We have to do with a political pessimist who mistook a passing phase of trouble in the history of a nation for a crisis, probably a fateful crisis in its fortunes." Thirty-five years ago, when these words were written, numbers of thinkers in many parts of the world thought as Traill did. And what did the "political pessimist," Carlyle, see when he wrote of the crisis of the forties? He begins his book with the following description of that depression:

England is full of wealth of multifarious produce, supply for human want of every kind; yet England is dying of inanition. With unabated bounty the land of England blooms and grows; waving with yellow harvests thick-studded with workshops, industrial implements, with fifteen millions of workers, understood to be the strongest, the cunningest, and the willingest our Earth ever

had; these men are here; the work they have done, the fruit they have realized is here, abundant, exuberant on every hand of us: and behold, some baneful fiat, as of Enchantment, has gone forth, saying: "Touch it not, ye workers, ye master-workers, ye master-idlers; none of you can touch it, no man of you shall be the better for it; this is enchanted fruit!" On the poor workers such fiat falls first in its rudest shape; but on the rich master-workers, too, it falls; neither can the rich master-idlers, nor any richest or highest man escape, but all are like to be brought low with it and made poor enough, in the money sense, or in a far fataler one. Of these successful skilful workers some two millions, it is now counted, sit in Workhouses, Poor-Law prisons, or have outdoor relief flung over the wall to them—the workhouse Bastille being filled to bursting, and the strong Poor-Law broken asunder by a stronger. They sit there, these many months now; their hope of deliverance as yet small. . . . Tall, robust figures, young mostly or of middle age, of honest countenance, many of them thoughtful and even intelligent-looking men. They sit there, nearby one another; but in a kind of torpor, especially in a silence, which was very striking. In silence: for, alas, what word was to be said? An Earth, all lying round, crying, "Come and till me, come and reap me;"—yet we sit here enchanted!

The official report for 1842 of *The Return of Paupers for England and Wales*, was 1,429,089. About fifty years afterwards Traill thought Carlyle's "boding prophecies" referred to "a passing phase of trouble." What is the world condition ninety years after Carlyle's description of England? "The passing phase of trouble" is still with us, but now in more aggravated form. But what of the intermediate crises Traill forgot to mention? For these a glance at Viscount Goschen's essays is sufficient; therein is to be found a summary of the commercial and financial depressions of the sixties. He says:

Twenty months have elapsed since the great breakdown of 1866, and the tone of commerce is scarcely improved. Whatever

the scale of operations may be, men still talk and reason as if the crisis continued to this day. No statistics, no arguments, no imports of gold, no tempting rates of interest for borrowers have the slightest effect. The bullion returns, usually faithful barometers of financial weather, have pointed all the year to "set fair," but trade has enjoyed no respite from "much rain." A heavy cloud has covered all departments of finance and industry with gloom. Prices have remained low, for almost every kind of goods, as well as every kind of stocks and shares; and the eagerness of sellers only served to increase the timidity of buyers. The seller's necessity was no man's opportunity. Gigantic failures occurred with money at two per cent; no less than when it stood at ten per cent. Railway enterprises never languished so much . . . to all intents and purposes the year 1867 has been one long financial, commercial, industrial, and railway crisis.

The depression was universal, in some circles the trouble and misery were extreme, and incomes of countless families were seriously curtailed. All the features of the present crisis are to be seen in the debacle of 1867: gold hoarding, no confidence, break-down of credit, international jealousy and animosity, inept and stupid politicians, and the Earth still crying to the hungry hordes of the unemployed: "Come and till me!" Here is a statement that fits the present condition; it might have been written yesterday: "Merchants are at present like beaten troops. They have lost confidence in their star. Their reverses have been so serious, so continuous, that they despair of success, and we believe it difficult to exaggerate the half-heartedness and gloomy feeling with which trade is now carried on. . . . We need hardly say that continental politics largely contribute to prevent the slightest favourable reaction." Then, in 1876, Goschen wrote: "Silver has fallen 20 per cent. Anglo-Indians are aghast. The financial world is in tribulation. Political economists are at their wits' end." In 1885 he said: "I call

attention in the first instance to the fact that in the present depression we find some features which have seldom been seen before during a similar state of things. We find the contrast between cheap capital on the one hand and the contrast between low prices for the raw material, yet with little advantage apparently derived therefrom by commerce and manufacture generally." The depression of 1885 was also universal. Three great world-wide depressions in twenty years, three at least after Carlyle wrote *Past and Present*, and three to support the "boding prophecies" which Traill imagined were falsified by subsequent events. It is inconceivable how Goschen, a director of the Bank of England, a Chancellor of the Exchequer, could support a system which in times of depression revealed to him the same symptoms of a disease which could not be cured by palliatives. How many depressions are necessary before statesmen and financiers learn the great fact which looms large today, that each depression shows increasing cost of government and at the same time shows the taxable area steadily diminishing? How long will the "national effort" dodge last? When will the people be told the truth, that the national effort—the great emergency—must become a habit and that balancing the budget really means spreading the fiscal net wider to catch small fry? The utterly preposterous notion of a very rich class of unlimited income is about played out. An estate worth in paper values over ten millions of dollars just before the crash has disappeared, and the heirs now owe the government about one million and a half dollars. There are numbers of cases of smaller estates which show similar losses. This means that death duties, one of the great sources of revenue of governments, is *in extremis*, and that the sources of supply are pretty nearly pumped dry. But there are financiers who know all the facts and what the facts mean, yet

they hesitate; party loyalty, national pride, and fear of the consequences of the truth being known paralyse every better impulse. They wait, hoping some miracle, they know not what, will bring relief, while one scheme of amelioration topples after another. Meanwhile, the depression deepens, grows heavier, grinding rich and poor to powder. A great achievement! The madness of 1914 was the beginning of the end, and so that there would be no doubt about it, the madness of Versailles made sure of it. To help to kill off a generation was a national necessity for the Powers, to ruin and starve the survivors was necessary to save Europe. But the end of the terrible farce is not yet. If statesmen learn nothing and financiers hesitate to speak out, there is the man-in-the-street who is learning his lesson, learning every day now of his responsibility, that he must take his share. He begins to realize that he is the mainstay of the state, that he makes the governments which use him to gain dominion. When his studies of self-examination are done, and he is ready for matriculation, what will governments do? None of the old methods will serve. There may be slight disturbances, but in the main men have learned better and surer ways than violence. The economic committees are increasing every day in the United States. Tax strikes are multiplying now; such ideas are ripe for all the world. When they start to spread, nothing government can do will stop their force. Already the press, financiers, merchants, and tradesmen, irrespective of party, are uniting, and the work of education is carried on by men suddenly enlightened. Government has raised a menace in a quarter never heard of, in the one it has always relied on for support in times of stress. Suppose the economic committees learn that seventy-five per cent of government can be dispensed with, that the committees can control expenditure and limit supply, what then? So much

government without cost—the committees are unpaid—will be a powerful argument against centralized bureaucracy. There is no good reason against the probability of every ward in a city and every village in the country setting up an unpaid committee. It may be possible to teach local men that they are well qualified to look after their own affairs, and that to do so will mean less taxes and more savings. Once they realize that the economic committee is good business from every progressive viewpoint, all the old trumperies of political nationalism will go by the board. The axiom, “mind your own business,” may become, “mind *all* your own business.” This is the only way of learning how much political government is necessary, and what is really worth paying for. Still, if the committees should succeed in only controlling expenditure and limiting supply, there will be the crucial problem of unemployment and poverty which is beyond the purview of their present objective.

The machine will continue with its purpose to employ less and less. Add this factor to that of all people learning the necessary lesson of thrift, demanding not only fewer luxuries of all kinds, but reducing expenditure on necessities to a minimum, and the problem of unemployment assumes enormous proportions. Can economic committees tackle this vast business? Government can so far only give charity; it offers no solution at all. The question is, how can the unemployed be set to work without charity? There is only one certain way. No one can work without using land. No matter what the job may be, all a man's food, fuel, clothing, and shelter must be produced by labour from land. Whether he be an aviator or a submarine engineer, a lighthouse keeper or a desert Arab, all his sustenance comes from land used by labour. If there are no jobs in urban shops, factories, offices, etc., then land offers the only alternative. But free land is scarce, although two thirds

of the habitable world are unoccupied. Land is scarce, because it has been pre-empted, and the owners can afford to withhold it from use, little tax falling upon it. The great burden of taxation falls upon the use it is put to—the improvements: houses, farms, factories, shops, etc. The system of taxation in vogue taxes effort, penalizes industry, discourages thrift, and places a premium on dishonesty. So if men are to be employed and given a chance to work out their own economic and spiritual salvation, land must somehow be forced into the market and made available. The only way this can be done effectively is to untax industry and tax the value of land. Relieve the burdens which cripple effort and thrift; encourage men to improve without fear of penalty, and break the monopoly of land-holding. Already some preparatory work towards this end is in way of far-reaching influence. Florida is considering the question of offering homes free of taxes. New York has had the experience of building for leasing without tax. Pittsburgh has a system of transferring taxes from improvements to land value. Many experiments in a small way are in process in different parts of the world, but prejudice, ignorance, and apathy prevent much progress being made. Still, government will do more in the next year or two to force on public attention the necessity of adopting the change, than all the land value propagandists have done since the outbreak of the war. An end to public and private charity will come; the business of feeding the poor and fattening parasites, while taxation is increased on diminishing incomes, is courting disaster of a kind that may quickly engulf the Western world in untold misery. Land must be found for the millions of unemployed. Buying it under government schemes of land purchase cannot be considered for a moment; no one will listen to schemes that will add another million to the debt. Bankers are snowed under with

paper. Therefore, land value must fall lower than it is today, and owners must be forced through taxation either to put land to better use or to let it go. It is no argument against this to say that there are tens of thousands of idle acres around every city whose owners would gladly get rid of them at any price. There is no inducement now to improve a building lot. What owner would build a house now in face of the terrible penalty on it imposed by the taxing authorities? An owner of seventy acres wished to give employment by building houses, but, when he was reminded what occupiers would have to pay, he was obliged to abandon the scheme. This is happening in greater and less degree all over the world where taxes fall upon improved values. Building is at a standstill now, because the vast majority of cities and towns are in debt and threatened with higher taxes on improvements. Only through an economic adjustment of this nature can a demand for labour be fostered. But no tinkering with the question will avail. Any deviation from the straight line of fundamental economics will only make things worse by losing valuable time. And it must be done. It cannot be put off any longer. How can this civilization expect to escape the eternal law of justice? What virtue has this one which should single it out for exceptional treatment? Invention? When was there more wide-spread poverty and despair? Already numbers of fine-minded workers on relief committees declare they doubt their capacity to face the awful blight and degradation which next winter will bring to the cities. But there are an hundred and one complications to be considered, such as contracts, leases, mortgages of various kinds, and so on. True, but this is the end of the long period of having it both ways. The mere hundred and one complications of the land system are faced with a thousand and one complications of bureaucracy and unemployment. Well-to-do

owners of land know now a lot more about confiscation than they ever thought they would know. Many have been reduced to comparative poverty. Great estates ruined Italy. Now the bureaucracy brings the owners of great estates to ruin without benefiting a soul outside a government department.

What possible chance is there of reconstruction under this system of taxing wealth? There is not a journal of importance published in the countries of the four great Western powers that does not reveal the desperate conditions which face governments. One says, its government does not know which way to turn to find money to balance its budget. Another says, so far as present sources of supply are concerned, the future is black. And so, week after week, the journals reveal the utter helplessness of the taxing authorities. It is one of the penalties of wanton waste, whether indulged by an individual, a business, or a bureaucracy, that when the hour of realization comes, every avenue of escape is closed.

Every opportunity since the war to avoid this situation has been ignored. Expert after expert has uttered warnings without avail. Government has employed experts to advise, and has shown repeatedly that expert advice was just what it did not desire. Numbers of instances can be given of this form of insanity. One stated that nothing less than a fifty per cent reduction in all salaries of government servants would have saved the situation twelve months ago, and this only if the expenditures of all departments suffered no increase whatever. That this would have been no hardship so far as America is concerned, is clear. The dollar of 1928 is now worth \$1.57. It is shown by statisticians that the salaries of the heads of bureaux at Washington, taking into consideration the rise in purchasing power, have since 1920 risen from \$5000 a year to \$12,630 a year. No matter what producers suffer from

loss of income, from the depression, and from tax, many government servants remain in clover. Surely, only a living wage is enough for regular government servants, since they are assured constant employment and a pension. They take none of the risks of employees in industry. The business of the leech is to take hold and suck until it is full and must relax, but a bureaucrat has never known what it is to be full. A day may come when land value is taken for the use of the community. But not until that happy state is reached will producers know what it is to have government servants work for the general good and cease to be a burden.

As land value is created by the community, it should be sufficient for the needs of a rational system of government, and the value should be taken, whether it is sufficient for present purposes or not. Unfortunately, it will be taken as an additional source of revenue, if it be taken at all; not as it should be taken, in lieu of other forms of taxation. Government, because of its enormous costs, is forced to tax wherever it can collect. It is too much to hope that it will take land values and remit all taxes that fall upon improved values, such as farms, houses of all descriptions, shops, and factories. Such a thing as encouraging people to build without fear of penalty will not enter the minds of legislators, who have gone steadily to work to reduce their sources of supply. Still, land value must be taken, because it belongs to the community and is created by the community. It must be taken, because it is just to take it. There are certain things that cannot be taken by the individual with impunity. That should be obvious to any student of history. By taking land value for the use of the community, an attempt will be made to restore the landmarks, and restoration is as essential today as it was in the time of Ezra.

It may be too late for this civilization to do what is just. But

in the past, the true prophets never gave up hope. All the way from Moses to Jesus hope was held out, even when every avenue of escape from desperate conditions seemed closed. It may occur to the spiritual leaders of this day that an attempt might be made to fulfil the function of their great office and show the true way to utterly demoralized legislators.