



LAND & LIBERTY

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THE NATIONAL CRISIS

"It is not from top to bottom that societies die; it is from bottom to top. But there are evidences far more palpable than any that can be given by statistics, of tendencies to the ebb of civilization. There is a vague but general feeling of disappointment; an increased bitterness among the working classes; a widespread feeling of unrest and brooding revolution. If this were accompanied by a definite idea of how relief is to be obtained, it would be a hopeful sign; but it is not. Though the schoolmaster has been abroad some time, the general power of tracing effect to cause does not seem a whit improved. The reaction towards protectionism, as the reaction toward other exploded fallacies of government, shows this. . . .

"What change may come, no mortal can tell, but that some great change *must* come, thoughtful men begin to feel. The civilized world is trembling on the verge of a great movement. Either it must be a leap upward, which will open the way to advances yet undreamed of, or it must be a plunge downward, which will carry us back towards barbarism. . . .

"The reform I have proposed accords with all that is politically, socially, or morally desirable. It has the qualities of a true reform, for it will make all other reforms easier. . . . Equality of political rights will not compensate for the denial of the equal right to the bounty of nature. Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages. This is the truth that we have ignored."—HENRY GEORGE in *Progress and Poverty*, Book 10, Chapters IV. and V.

A pessimist has been defined as one who "refuses to say it's a fine day when it's raining cats and dogs." If this be correct, his name to-day is legion. In our July-August issue we were naturally jubilant over the passing of the Finance Act. The Prime Minister said that a Labour Chancellor of the Exchequer would tax land values and to the best of his ability Mr Snowden has made good. The Act is a recognition in law of the principle that the land belongs to the people, that the rent or value of land is a communal value, and that it should be taken in taxation for public purposes, in lieu of existing taxes on industry and wages.

The measure was well taken by the people as a whole, and, with few exceptions, it was gladly welcomed by those who everywhere had been concerned with the agitation that brought it about. The passing of this Act is an achievement that must rank for all time among the important turnings in the story of our political progress. There has been nothing like it to put on record since the Danish "trial valuations" of 1916 and 1920 that laid the basis for the land value tax of 1922, followed by the local rating measure of 1926.

It is an Act that enhances the status of the movement for land value taxation and strengthens the propaganda wherever it is in evidence. We are among those who looked for and worked for a more radical measure, but let us not forget that it was a step taken by a minority Government; and further, that to prevent the blighting interference of the House of Lords the Budget had to be certified by the Speaker as a "Money Bill." It is a tempting subject, the almost overwhelming opposition Mr Snowden had to meet and overcome, but this can be considered again, as doubtless it will, some other day. Meanwhile, the standing of the Act in our never-ending campaign is assured; its influence already counts for new inspiration.

But the scene has changed and the Labour Government has in one short month given place to another representing all three Parties, hurriedly improvised to deal with a "national crisis." The State, or the pound sterling (which to very many in deed as in argument connotes the same thing) was in danger of losing its place in the taking field of commerce and finance. The reason given for this emergency, which came like a thief in the night, was a rapidly falling revenue with its urgent call for measures to balance the Budget. It was, and still is, an engaging topic of conversation if not of alarm, and the cry is for more light and better guidance. The question we are given to know is one of finance, but the financial experts of the daily papers and the editorial comment on the situation leaves the ordinary person as wise as he was before the event. The more the experts try to explain the more the dilemma endures. One notion is as good as another and a multitude of words without wisdom darkens counsel.

The *Times*, in its leading article, 4th September, throws cold water on the common opinion that the "sight of an unbalancing Budget" caused the pound sterling to hesitate about going on in the old way. "All over the world, even in countries whose financial position appears to be almost impregnable, the Budget deficits loom large upon the horizon." It is at once a reply to the financial scaremongers and a hard knock to the tariff reformer. The idea seems to be that with a 10 per cent tariff added to a 10 per cent cut in wages, the "City" might be persuaded to hazard an occasional Budget deficit!

But however this may appear, the *Times* calls insistently for a reduction of "money" wages to adjust our costs to the falling price level. The cat is out of the bag in one jump. The crisis is not a matter of balancing the Budget, it is a matter of an all-round cut in wages. We are living beyond our means we are told, and on borrowed money at

that, and the example of Australia is presented as a fruitful lesson to the Mother Country! But it is not the high money wages that accounts for Australia's plight; it is her corrupt tariff policy, interfering with trade, that raises the price level against the consumer. Even when the borrowed goods, apart from legitimate trade, reach the Australian State ports the Commonwealth Government must in the tariff have its share of the "loan." In Australia, as in the United States and in Europe, the tariff is "the nigger in the wood-pile."

The financial question, we are told, is closely related to unemployment, and that to understand the problem we must have regard to what is named the "world causes" of the depression. This is no explanation; it is a mere figure of speech, a piece of rhetoric, that has no practical bearing on the discussion. The term "world causes" merely connotes a number of separate countries trading or trying to trade with each other over the tariff barriers they themselves have erected. But quite apart from these economic relationships every country has its own home problem. The home trade everywhere is the more important. Here, let us say, is a project for a new bridge to ease the traffic or for the removal of an awkward corner on a busy thoroughfare. The price for the land is extortionate and often stops the improvement. What "world cause" is it that cuts across the needs of the community and such enterprise?

From the Economy Report (Sir George May, Chairman) issued last month, we learn that the cost of Small Holdings and Land Settlement from 1908 to 1926 was £21,970,000, and that the cost of settling one man on the land has risen from £433 under the 1908 Act to £1,351 under the 1926 Act. And at a meeting of the Management Committee of the National Allotment Society held on Saturday, 5th September, a Resolution was passed expressing the view that a sudden cessation of the allotment scheme now under way would be a national disaster; and, further, the Committee are convinced that easy access to the land and assistance in its cultivation are the best available means of alleviating bitterness among the unemployed.

Where is the foreigner to be found who bars the way to the cultivation of this British land that would mean so much additional employment and so much less pressure on the public purse?

The Economy Committee Report, which was the immediate cause of the lightning change from a Labour to a National Government, urged that "the one thing needful is return to general prosperity" (page 14) and the turn of the road to this desired haven, failing economy was an all round "reduction of incomes, and/or some additional taxation" (page 222). But how an all-round reduction of incomes in wealth production is to bring the prosperity, the Report does not say.

The truth of the matter is that the unemployment problem has the politicians hopelessly beaten. The three political Parties have gone along the same pathway with more or less speed and extravagance, in the unwarranted belief that borrowing money at large to spend in subsidies, housing and new roads meant new work for the workless. As the May

Report comments: "The Road Fund has come to be regarded by successive Governments as a convenient means of financing grandiose projects." A nice inoffensive term, yet it only means spending the taxpayers' money in ways that enrich the landowner, sometimes named the capitalist, beyond the dreams of avarice.

The argument, expressed or implied, in support of this economic fallacy that a sum of money in the hands of a Government department can account for more employment than it can in the hands of the individual citizen constitutes one of the intellectual confusions of the day. It is a fallacy that is born of the quixotic notion that a Government can make its own economic laws. But logic cannot be denied and it remains true that a pound can only command a pound's worth of goods or services. When the pound is taken from the taxpayer, his purchasing power, his call for services, is accordingly limited by that amount: If the Minister of Labour has the money to spend on a new road he will call for different services, the mean level of employment is not affected. And so it comes about that after millions of pounds have been spent on these "grandiose projects" the unemployed problem is found to be in a more aggravated condition. As Henry George has well said:

"When a new bridge is built or a new road opened up, experience teaches us that we must not expect wages to increase. What we must look for is an increase in the value of the land."

Here is a passage from the May Report that for its humour and its irony seems to call for special mention: "The problem of securing some useful work from the man who is being maintained in idleness is an ancient one and many attempts have been made to solve it." If the members of the "Economy Committee" feel inclined to make further examination into this problem, ancient and modern, they could not do better than invest in a copy of Henry George's *Progress and Poverty*.

It is a financial question, we are increasingly told by the politicians, as they seek to push the land question out of their way. The answer is that there is no question of finance of which the land question is not a part. The credits which the bank take in and give out are based on wealth, or on the power to appropriate wealth as it is produced; and this wealth, all of it, is produced by labour applied to land. This is where the land question comes in and where it stays. No matter how the finance or the credits are manipulated, how they rise or fall, it is true to say that in the final analysis those who own and control the land are they who own and control the credits. It is this utter neglect of the land question, this blind refusal to relate the rent of land to the wages of labour, that has engendered so many futile and vain attempts to solve the problem of the man in idleness. The owner of land is a non-producer and his entrenched monopoly accounts as nothing else does, not only for his own idleness, but for the enforced idleness of millions on the "dole." As the Chancellor observed in his concluding speech in the Budget debate: "The effect of our land system has been

to place a burden on industry of hundreds of millions a year. It has driven our people from the land into the towns to compete with the town workers, with the result that wages have been depressed and unemployment has been increased."

It is clear that for want of courage to shed light on the land question the ground is rapidly slipping from under the feet of those who uphold the fiscal policy of the country. The liberation of trade and commerce from the choking grip of protection under Cobden's leadership was a great achievement; but in the growth of the rent of land, as he predicted, the benefits have not gone to the worker but to the "man maintained in idleness." Real free trade will alter this distribution.

It is now widely recognized that land value taxation is a possible as it is a sound alternative to protection. Yet neither the spokesman of the Liberal free traders, nor the free trade Labour leaders will say as much. Their alternatives are in the one case economy and efficiency; and in the other case additional taxes on the rich. If there be hope in any of these remedies it must be the hope deferred that maketh the heart sick. The taxation of capital restricts and injures industry; the

taxation of land values offers industry its freedom from monopoly. The debates on the Finance Act showed unmistakably the connection between land and labour and where the necessary new source of revenue is to be found to meet the legitimate needs of the State.

The General Election, we are warned, now looms in sight. It is the old call to attention though more insistent than ever before. The Finance Act should inspire real free traders everywhere to make the land value policy an issue in the coming campaign. As Mr Snowden, in a letter to *Land & Liberty*, has said: "It now remains for us all to work with renewed energy to educate public opinion still further on this fundamental reform. This measure is only a beginning and, like all beginnings in a great effort, is imperfect and incomplete, but it is a logical and consistent scheme and we can build on the foundations we have laid the full and complete structure." This can be taken as a word in season by a leading statesman to all interested. We have played our part in the agitation that has brought about this beginning. The immediate need now as in past years is to maintain and extend the propaganda. J. P.

THE CHURCHES AND UNEMPLOYMENT

The Christian Social Council has issued to the Churches a message in which the existing social order is boldly put on trial. The message is nothing less than a challenge to all Christians to put on their thinking caps and start serious inquiry into the reason of industrial depression and unemployment. As the official representative Council of the Churches for social questions, its message is entitled to every respect, and it should be said at once that it shows the Council to be fully alive not only to the pass to which the present social order has brought us, but also honestly anxious to find the way out. They find that the outstanding feature of the present depression is the paradox that it does not spring from scarcity either of raw material, man power or capital, and that this paradox makes it hard for the millions whose livelihood is now in jeopardy to accept their privations without becoming embittered against God or man. Coupled with this strange paradox of increasing poverty in an age of increasing plenty is the fact that statisticians, bankers, economists and captains of industry are revealing by the variety of their proposals their failure to master or even to understand the problem, and this virtual defeat of the practical wisdom of the world is a most disquieting feature for the churches. The feeling of helplessness which results is spiritually deadening and the churches cannot allow it to go unchallenged.

For these three reasons—the paradox that causes social misery to spring out of social progress; the blow to moral responsibility struck by the incompetence of man to control the social order he has created and the moral paradox that makes social virtues such as thrift and human ingenuity in the form of labour-saving devices appear as social

perils—there is good reason, they declare, for the Christian Social Council to call upon the Christian community to think again whether we have not allowed some false theory to be incorporated in the foundations upon which our industrial civilization is reared.

Starting from this standpoint the Christian Social Council claim to make "a new approach to the problem." It denounces the notion that there can be real over-production while human wants remain unsatisfied, though there can, it says, be "badly organized production." This situation goes to show "there must be something wrong with the machinery of distribution," for a percentage of production does not find a sale at prices consumers can pay. The prices consumers can pay, it is said, would not enable industry to recover its present costs if it were to function at full capacity.

What puzzles the Christian Social Council is the inability of civilized peoples to purchase their own production. It is declared that any real solution of this absurd and tragical situation must satisfy the Christian assumption that a right economic order shall give right, not paradoxical, results as the present one does. The Council is in search of a solution that fulfils the Christian assumption and then quite inconsequently, as we think, and without analysis or discussion goes on to suggest that this is to be found in "reform of our monetary organization, and that we must direct our attention to the gold question, banking policy and credit control." There, they suggest, we shall find the cause of our inability to buy what can be produced.

It is much to be regretted that in submitting this suggestion to the Churches the Council has not undertaken to give any reasons for its view. After so fine a statement of the tragic paradox we had expected something more than the bald assertion, without