



LAND & LIBERTY

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FREE TRADE AND UNEMPLOYMENT

At School we were taught that evil, personal, from which springs evil, social, began in the Garden of Eden. Those of us who feel concern for the present rather than the past cannot help thinking that our climb upwards from the slough of evil to the height of good, is made a difficult process through our want of attention to first principles. We look out from the individual to the community, and we ask what can be done by the mass to improve the unit. As a corrective we occasionally reflect that the social mass is composed of individual units, and if the parts could improve themselves, the whole would be improved. So staggers reason and idealism in syncopated measure, and politicians of all shades of opinion, prone to error, as human beings ever seem to be, make much movement and little progress.

The individual is hobbled and harassed rather than helped by the community. Self-reliance is destroyed by the growing habit of having to wait on the will of others. Primitive man, while not rich, need not starve. He need waste no time thinking about communities near to his own, or of others at a greater distance which, if approached in a tactful way, might be willing to render a service to those with whom he is associated. The sky is above him, and the earth beneath. He has a mouth or several mouths to fill. Nature supplies him with limbs as his tools of trade, and with roots, fruits, fish, flesh and fowl from which he can satisfy his physical wants. Man being the thinking animal is, of course, able to improve on his primitive instincts, and to devise methods of greater efficiency in sub-division of labour and what is called co-operation.

The foregoing is written to revive memory rather than to impart information. Having done so, we may proceed to trace some of the wavering steps—often taken in the dark, and tending to go round rather than forward—which have brought us to our present position. First, we found people with appetites to satisfy and with powers which, though undeveloped, were capable of solving their particular

problem. Now we find communities in which the power of man over Nature has reached out to enormous possibilities and the paradox that the individual in such communities is less capable of self-support than he was at the dawn of civilization. His individual power is greater—it is increased by education, the march of invention, and that knowledge which has come as a heritage from preceding generations.

The problem is now social rather than individual, and has arrived as a result of misgovernment, misapprehension of natural law, and the tendency to ignore first principles. While we have tried to help individuals we have succeeded in rendering them less capable of helping themselves.

At first the individual finds that his ability to gather, hunt, hew, climb or burrow has a use value to himself. He has, in association with his neighbours, to solve moral problems, and to decide at what point a use ceases to have utility and becomes an abuse. Not being concerned with moral questions at the moment, we may proceed to point out that those powers inherent in the individual, and having a value to him, may be transferred to the benefit of others for some consideration.

Such is the cause or dynamic of what we call exchange value. The individual will not transfer to others the services he can render to himself except for an equivalent. He will render services to others if those others will give equal services to him. The equilibrium can only be disturbed when the individual is deprived of the opportunity of rendering service. When that happens he can do nothing for himself and he cannot command any service from anyone else. He may get such in the shape of alms, or he may not. What counts is that he is disinherited; he has lost his rights as an individual and his own capabilities are as worthless to him as if he had never possessed them.

That condition would not baffle the meanest intellect in primitive society, but it continues to baffle statesmen in modern civilization. They fail to observe what has happened. Apart from the services that man performs for his fellow-man, Nature performs services for all. It supplies air, sunshine, and the materials for food, clothing and shelter; it has no accounts to render; no cash equivalents to demand from the user. However, where Nature has been kind man has been crafty. He has usurped the claim that Nature does not make. For natural advantages some privileged individuals have to be paid.

Living in a world where nothing is expected in return for nothing, some individuals have accustomed themselves to the idea of handing over something to other individuals for something, and, without apprehending it, have fallen into a habit of giving something for nothing. They have not equally accustomed themselves to inquire closely what it is they get in return; so, failing to discriminate between the services of man and the services of Nature, they have contented themselves by paying for both. That, of course, is only the first phase. On top of that error they pay individuals for services which in the mass are performed by themselves.

Those public services which prevent private

robbery and only tolerate legal theft; the foresight and expenditure which arrests disease; the bridges built to span rivers; the lights set up to guide wayfarers; the schools erected to develop efficiency and all the other amenities of public life carried out by human labour, and the expenditure of the product of human exertion, register themselves in localities and in varying proportion, as shown in the rents charged for land in such localities. Worse than that, the famine prices demanded for land in progressive communities are such as to arrest enterprise and make continuous progress impossible.

Agricultural land ceases to be cultivated; mining land will not yield minerals at a price that will meet world competition; building land lies derelict and unused while we are bribing builders with subsidies to persuade them to build houses. The uncultivated acres mean idle farm hands and low wages; the unmined mineral leads to hard times and turbulent agitation, and ships rot in harbours for want of freight. Houses are not built and people call for revival of key industries by which they mean, more or less, war industries, forgetting that labour may be organized for the arts of peace as easily as for the arts of war. Habits have become stereotyped, and many people have been led to look for their living from battleships, armour plate, guns and the other paraphernalia of war, instead of the supply of houses, furniture, boots, clothes and other necessities of which there is never any super-abundance.

The politician comes along; he faces the problem, and, having viewed it frontwise, he looks at the sides; afterwards he goes round and round it till his head swims. It is not too difficult for solution; it is the simplicity of the problem which beguiles one. "Naaman" was prepared to believe that a prophet in "Esther's" country might be able to cure his disease. His scepticism increased when he was requested to adopt a simple cure. Like Tom Sawyer, he knew that *the books* did not say that problems should be solved in simple ways.

The politicians have recourse to the books; it is their art to read and to forget how to think. As for returning to first principles, it seems too much bother. Better to potter around with maps of the Colonies, and such things, and see where miners can be conveniently transported and, if possible, lost. Perhaps some of the manufacturers in some of these Colonies will buy British, rather than foreign, coal—"if the price is right." If we treat the agricultural landholders generously they can be induced to hand over the administration of the agricultural land to a Government department. They will get bonds and interest in lieu of rent; whether the farm hands will get land at an "economic" price will depend on whether the taxpayer will be able to assist in paying interest to the bondholders, in order that farm hands will not be rack-rented and their industry made unprofitable.

We suggest as an alternative to subsidies raised from the taxpayer that the landlords should surrender their indefensible claim to the ransom they collect for bounties provided by Nature and not by them; we propose that the disinherited get contribution from them rather than that they should get more from the disinherited. But we are at the

disadvantage of advocating principles, and the immediate appeal is for relief to which we are not objecting; we are showing the way to make it unnecessary for any able-bodied person to require alms. Our desire is to extricate the politician from his mesh of subsidies, unemployment insurance, labour exchanges, assisted passages overseas, training centres, and all such well-intentioned but misguided efforts. Taxes on the value of mining land would secure employment for miners—and as miners—at home, instead of training them and sending them to farm land abroad. If agricultural land were forced into use by the pressure of a tax assessed on the value that the landholder himself puts on it, farm land would be made available for miners at home should they wish to change their occupation.

There are politicians who learn nothing and forget nothing; they fall to rise again with tattered and discredited banners. Protection reappears as Fair Trade, disappears and emerges as Tariff Reform. Trampled in the dust, it re-arranges its slogans, and we hear about Key Industries and Safeguarding. Part of the time there are side references to the Colonies. At one time Colonial Preference is talked about. Later, and now, though the aspect is unchanged the same idea is fraudulently advertised as Empire Free Trade. Any British Colony may have Free Trade with Britain without consultation. All its governors require to do is to abandon its tariffs. Such a gesture would end any excuse we had for taxing any of its exports. The new "crusaders" do not wish any such consummation. A pretence is put forward that closer alliance with the Colonies would diminish unemployment. Whose? Theirs or Ours? Whatever else happened, employment would not be increased by any such policy.

Let us examine trade and see exactly what it is and how it can be helped. Trade has never been known to salute any flag, whatever alleged Empire builders may say to the contrary. Traders have often taken advantage of tariffs and subsidies to get higher prices in their own country, and sell surpluses at cheaper rates to foreigners. Australian raisins can be bought in London at a lower price than in Australia. German sugar has been known to help British industries in the same way. Sometimes tariffs sap the energies of the home producer. There is no evidence, for instance, that the McKenna Duties have increased the sale of British-made motor cars in our own Colonies, or in foreign countries. Even if such trades as we have attempted to safeguard had increased their output and employed more workers we would still be left with the awful reflection that total unemployment had increased and not diminished under Protectionist measures. Obviously, the least that can be said is that Protectionist measures have thrown as many people out of employment as they have brought in. Safeguarding employs *different* people but not *more* people.

Trade is anything from the exchange of a penny for sweets to the exchange of a promise to pay a million pounds sterling for steamships or locomotives. It is exchange, and foreign trade is not different to home trade. What are called buyers buy goods; they are not thought about as selling money, but

they do. Sellers of goods are not considered as buyers of money, but they are. Money, promissory notes and bills of exchange have developed from the necessity of finding a measure with which to value all commodities and services, and with which to exchange them. We do not measure the value of locomotives with bags of flour and lollipops; we measure the value of all kinds of goods and services with money. Exchange is effected with money or by credit instruments representing money. Wherever British money or credit happens to reside, whether at home or abroad, there we will find a demand for British goods. The very act of ordering from abroad and sending credit there is a guarantee that British goods will sooner or later replace the credit instruments which have been sent abroad.

The more we can produce at home the greater will be the credit which we can establish at home and abroad. That cannot be improved by narrowing the circle of exchanges or by excluding foreign goods. Unemployment does not grow with the increase in imports. Generally speaking, the figures show the opposite effect. When imports diminish then unemployment increases. Unemployment is caused by checks to production. The check may be natural, but it is usually artificial. Masons and bricklayers, as well as farm labourers, may be kept out of employment by weather, but that is not the unemployment problem. Our problem is want of work where there is a demand for the things produced by work, and where hungry workers stand in the market place saying "Who will employ us?"

Brilliant amateur financiers think they can cure this trouble by putting purchasing power into the pockets of the needy. Increase of money, and distribution of money, do not, at long last, add to purchasing power. They add to the value of goods, and make purchases for the general community more difficult. The essential first thing is production, and the secondary thing is exchange. The primary essentials to production are the raw materials of land and human labour. We have got both, but the monopolist comes between.

W. R.

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OUR POLICY

To promote the Taxation of Land Values in lieu of other taxes.

The object of the Taxation of Land Values is to secure the equitable distribution of wealth by the taking by taxation of communal property—namely, the economic rent of land—for public purposes, and the abolition of all taxation interfering with or penalizing production and exchange.

A tax on Land Values is not a tax on land, but on the value of land. Thus it would not fall on all land, but only on valuable land, and on that not in proportion to the use made of it, but in proportion to its value. It would thus be a tax, not on the use or improvement of land, but on the ownership of land, taking what would otherwise go to the owner as owner, and not as user of the land.

In assessments under the Taxation of Land Values all value created by individual use or improvement would be excluded, and the only value taken into consideration would be the value attaching to the bare land by reason of neighbourhood, public improvements, etc. Thus the farmer would have no more taxes to pay than the speculator who held a similar piece of land idle, and the man who on a city site erected a valuable building would be taxed no more than the man who held a similar site vacant.

The Taxation of Land Values would call upon men to contribute to the public revenues not in proportion to what they produce or accumulate, but in proportion to the value of the natural opportunities they hold. It would compel them to pay just as much for holding land idle as for putting it to the fullest use.

By taking for public uses that value which attaches to land by reason of the growth and improvement of the community, it would make the holding of land unprofitable to the mere owner, and profitable only to the user. It would thus make in impossible for speculators and monopolists to hold natural opportunities—such as valuable land—unused or only half used, and would throw open to labour the illimitable field of employment which the earth offers to man.

It is an axiom of statesmanship, which the successful founders of tyranny have understood and acted upon—that great changes can best be brought about under old forms. . . . We, who would be freemen, should heed the same truth. It is the natural method. When nature would make a higher type, she takes a lower one and develops it. This, also, is the law of social growth. Let us work by it. With the current we may glide fast and far. Against it, it is hard pulling and slow progress.—Henry George in *Progress and Poverty*, Book VIII., chap. ii.

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Bismarck is said to have remarked in 1873, when the French had paid off their indemnity and a severe financial crisis had followed in Germany, that it was better to be defeated and pay an indemnity than to be victorious and receive one.

The truth is that there is no machinery in the exchange system of the modern world for the payment of tribute from one nation to another.—J. A. SPENDER, *Daily News*, 24th August.