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## On Co-ownership

**T**O DISCUSS the question of profit-sharing without first defining precisely the nature of what is to be shared is to invite ambiguity and false reasoning, yet nowhere in the literature of the Liberal Party is there any attempt at a precise definition of profits—that is, a definition which excludes any alternative interpretation. The result is that many people when discussing this subject literally do not know what they are talking about. Indeed, if this most ambiguous term were rigorously defined, ninety per cent of the discussion could be dispensed with.

Before entering into an examination of profit-sharing or co-ownership, however loosely defined, we must first look at the economic background against which such schemes are expected to work, taking care to confine our examination to those aspects of economics that are fundamental and common to all types of businesses. It will be useless to take individual examples and draw conclusions which cannot possibly apply to the many and varied types of businesses operating today. What, then, are the fundamental principles of economics that lie beneath all the complex operations of modern industry?

Roy Harrod in his *Life of John Maynard Keynes* says:

“The history of economic science, which is still in an early phase of development, has largely been the history of the formation of appropriate concepts. Our thinking about economic matters was revolutionised, for instance, when it was pointed out that all the multifarious costs of production could be grouped exhaustively under the three heads of land, labour and capital. This made immense progress possible, and the whole of classical economics was based upon this classificatory improvement.”

This is a good starting point. Having established the factors in production, economists proceeded to define the natural channels of distribution. The return for the use of land in production (whether paid to another person or not) is termed Rent. The return to labour, Wages, and the return to capital, Interest. Where then do profits come in? Some text books tell us that profits are the return

for “wages for superintendence” but clearly such rewards must come under the heading of wages—since what is being contributed is mental energy properly designated “labour.” Other economists explain that profits are the reward for the “entrepreneur” or organiser, but here again this is an unnecessary refinement, for such contribution to production is but a sub-division of labour, as is “female labour,” “skilled labour,” etc. One is left with the conclusion that the word “profits” can have no precise meaning in economics. It can be used only to describe loosely something which might be wages for superintendence, interest on capital, returns to monopolies, risks, or any combination of these things.

If, then, one is to talk of profit-sharing, what it is that is to be shared must be exactly identified. Reverting to the three natural channels of distribution—*viz.* Rent, Wages and Interest—Wages can at once be excluded as that part of wealth which is to be “shared.”

Then is it proposed that Interest be shared? Clearly this would challenge the rights of investors to a return for the use of their capital. Marxists will have no difficulty here, but it is no part of Liberal philosophy.

Is the economic rent of land the “profit” to be shared? If so, this should be expressed not by the term “Profit Sharing” but by the simple term, Land-Value Taxation. Thereby a levy is placed upon the value of land alone, as distinct from capital, and the proceeds used in lieu of other taxation thus securing equitable shares for all, and not for any particular group who happen to be fortunate enough to work for a business whose income is wholly or partly derived from the rent of the land.

One other point remains. What is the nature of those incomes which are claimed not by virtue of the contribution made by land, labour or capital, but by virtue of privileges, licences, monopolies, etc.? These levy a toll upon production while contributing nothing to production. Here again the obvious thing to do is to abolish these privileges and destroy the monopolies. *It is not a good idea to invite workers to share with their employers “profits” made at the expense of the community generally.*

The only way in which the idea of profit-sharing makes sense is when it is used simply as a *basis* for the payment of wages. It may then become an incentive, *but this is a matter for individual firms and not for legislation*. In this context the word "profits" usually means turnover, and, all things being equal, wages plus the bonus or profit are not likely to be higher than ordinary wages.

The *Metayer* system in France, like the share cropping system in the Southern States of America and other places, provides for tenants sharing their "profits" with the landowner. This, however, is but another way of *calculating rent*, each side being prepared to take the gamble of a higher or lower return. Here again "profits" represents turnover. Profit-sharing is meaningless unless the wage earner is thereby to obtain some higher form of income, and unless he earns it himself through incentives, commissions, bonuses, it must come out of either Rent, Interest or monopoly "profits." To attempt to lower the capitalists' returns by taking it out of interest can result only in a raising of prices as experience so clearly shows.

But what of co-ownership? That is to say, the securing of a financial interest by the worker in the business that employs him. Here again this is a matter between the worker who is to invest his money and any capitalist who invites him to invest in his business. It can have nothing to do with the State. But even if Liberals were to depart so far from traditional Liberalism as to advocate legislation in this connection, it is doubtful whether the desired results would be obtained. Would workers take a greater interest and work harder if they owned shares in the company for which they worked? In some cases, yes, but many workers like to see the results of their labour at the end of the week. They like to feel that their rewards are measured by their individual effort rather than by their collective effort, and if they are justly entitled to any share of "profits" then they feel that they have the right to receive that income in any way they think best. If a worker wishes to invest part of his earnings there are many opportunities open to him. If he wishes to invest in industry, then he can obtain industrial shares in units as low as £1. If he can become a capitalist by investing his money in any firm, why should he not have the choice? Further, it is against the whole idea of Liberalism that any firm should be obliged to sell its shares to its own workers rather than to anyone else.

But what of worker/employer consultation in business matters? Companies have enough responsibility satisfying their shareholders without adding to their worries by making it compulsory for them to consult their employees, whether they be shareholders or not. In business it is skill and knowledge that makes a man valuable, not the power to cast a vote. *Management is not a privilege, it is a job*. Doubtless employees would elect a small committee to represent them but one can guess how that would work. If the majority cannot be persuaded to concern themselves with their own trade unions where their interests are more directly affected, what hope is there of getting them to concern themselves in the running of their

company or the policies it adopts? The majority of workers cannot and do not want to see much beyond their own bench. It might be useful to encourage them to do so but it is not a matter for legislation.

There are of course a number of refinements that have become attached over the last few years to the original idea of co-ownership and profit-sharing and a number of them have point, particularly those that deal with Company Law, but these are far better dealt with separately. Here the concern is more with fundamentals and this is where the ideas of co-ownership are manifestly weak.

There has been no real answer to the well known but legitimate objection that if profits are to be shared, then so should losses. One well known Liberal economist made an attempt to deal with this at an official Party meeting. She seriously suggested that where firms made losses and thus had no profits to share, they should be subsidised by the Government to the point where they are making a profit. Then all would be well! If this is the kind of loose thinking behind the idea of co-ownership and profit-sharing, then the sooner the whole idea is dropped the better.

What is the alternative? Get back to fundamental principles. Instead of trying to deal with effects, deal with causes. The way to bring wages to a maximum is to remove every vestige of privilege whereby some sections of the community can profit at the expense of others. Monopolies must be broken, privileges withdrawn. Production must be freed of all restrictions and so must trade. Good industrial relations, like those between shopkeeper and customer, can be achieved only where there is complete freedom to bargain. Unhappy relations result when restrictions are placed on either or both parties or when privileges are granted to one side or the other.

How can maximum production and full employment be achieved, remembering that full employment is the best bargaining weapon a worker can have? The first step is to remove taxation which falls upon the worker's wages and on everything he buys. Taxation which takes the toll at almost every stage in the productive process must be removed. As capital and labour are both wholly dependent upon natural resources (in economics, "land") nothing must stand between them and land, whether that land be agricultural, mineral or a site. It must all be forced on to the market and thus made available for use. The taxation of land values provides the simple solution. By transferring to the site value of land the taxation which now falls upon labour, industry and trade, the speculative withholding of land from use, or from its best use, would be made unprofitable. The tax would have to be paid whether the land was used or left vacant!

Bad industrial relations are brought about by an artificial economic set-up fostered by monopoly and privilege. The answer is to abolish this unnatural economic set-up, not to support it with such schemes as "profit-sharing" and "co-ownership" whatever these words denote.

V.H.B.

# New Tax Shift in Scotland

## With Labour and Liberal Peers' Support

A NEW sectional privilege has been dispensed by Parliament. Owners of certain salmon fishing "rights" in Scotland are the beneficiaries. These rights—many, but not all of which are Crown property—are to be treated as being largely comparable to the "right" to use land for agriculture. They are therefore to be excused liability to local rates. Not so "any dwelling-houses, bothies [huts], net stores, drying greens, etc." occupied in connection with such salmon fishing. These are to be treated for rating purposes as "lands and heritages which are neither industrial nor agricultural" and fully rated accordingly.

The underlying rationale of the dispensation seems to be that one wrong justifies another. Principal arguments advanced were that salmon stations have been closing down and that derating will help to safeguard limited employment opportunities and thus to arrest the drift from the Highlands, and will prevent hardship and injustice to those in the salmon fishing industry.

Rates on fishing rights are a tax on rent. That being so it is not apparent how the users, as opposed to the owners, will benefit from the new arrangement. It would be another matter if "improvements"—dwelling houses, etc.—were exempted. That, obviously, would be helpful.

This new "de-rating" measure has been tacked on to the *Local Government and Miscellaneous Provisions (Scotland) Bill*. The *Hansard* reports of its various stages make fascinating reading. In the Commons amendments were moved which would have completely relieved salmon fishing of rates. They were withdrawn after the Government had promised to look into the matter. In the Lords, Viscount Colville of Culross raised the question on Second Reading. On the Committee stage (July 1), he tabled a derating amendment which Lord Strathclyde, the Minister of State for Scotland, was unable to accept. The Government had had two months to look into the question; nevertheless the Minister promised to study the matter further before the Report stage. Lord Douglas of Barloch (Labour) spoke briefly against the clause. Their Lordships divided—24 to 24—and the amendment was lost. Despite their parties' declared abhorrence of derating, seven Labour peers and five Liberals voted for the derating clause. Lord Douglas of Barloch and Lord Pethwick-Lawrence (Labour) voted with the Government.

A fortnight later (July 15), Viscount Colville of Culross moved a similar amendment on the Report stage. Again Lord Douglas of Barloch spoke against it, this time more powerfully and at greater length. Lord Strathclyde accepted the amendment. No vote was taken.

Their Lordships' discussions threw new light on the whole question of the private ownership of natural resources. Most striking were the figures quoted by Lord Lovat. A company with which he is associated last year paid in rent for *permission* to fish approximately as much

as it had paid in wages to 27 fishermen. The figures were: rent, £8,300; Wages, for eighty men, £25,000. The company had lost money on the deal.

The Bill was returned to the Commons on July 23 for consideration of the Lords' amendments. Labour Members argued against so doing, contending that these constituted virtually a new Bill. They—and the Liberals who voted with them—were defeated on the House dividing. Whereupon, after accepting a purely drafting amendment to another clause, Labour Members spoke hotly against the derating clause. No Liberal spoke but the four present joined Labour M.P.s in the Division Lobby. By 223 votes to 174 the House agreed to the clause.

The debates in the House of Lords are reported on page 138.

### LABOUR PARTY RESOLUTIONS LAND — TAXES — TRADE — HOUSING

NINETEEN of the 428 resolutions submitted for next month's Labour Party conference concern land and taxation. Only South Derby's embraces both concepts, showing awareness that they are opposite sides of the same coin. It reads:

"This Conference recognises the social origin of all values attaching to land (excluding buildings and improvements) and urges the National Executive Committee to adopt this recognition, with a view to making this Labour Party policy, thus securing all such values for communal needs through the medium of the existing taxation machinery."

The land question is seen only in its agricultural context. The National Union of Agricultural Workers very properly wants "our agricultural land" put to its best use but, seemingly, is unaware or not convinced that a tax on the site value of land is the sure and certain way to fulfil that aim. Thirsk and Malton feels that public ownership of land should be included in any future policy for agriculture. Bridgwater recognises that Socialism cannot be achieved so long as land is privately owned, and asks the N.E.C. to think along those lines and to produce a policy on land ownership in readiness for the next General Election.

Gateshead wants the next Labour Government to abolish indirect taxation—an impossible demand until the Party abandons its protectionist philosophy—and Crosby (Liverpool) broadly agrees, pointing out the obvious, namely "that taxes on goods and services bear more onerously upon the lower income groups than upon the wealthy." Cheetham (Manchester) wants to abolish purchase tax, save on luxury goods. Three other local parties want steps taken to end tax evasion.

Resolutions dealing with the economic situation are dominated by fears of approaching depression. It is

"absolute madness," states the Plumbing Trades Union, "to continue the existing trade embargoes" and it "calls for the immediate lifting of these bans and an extension of trade and commerce with all the countries in the world." The refrain is taken up by other unions and some local parties, mostly on the grounds that trade restrictions jeopardise employment and exacerbate international relations. Their chief concern, however, is to increase trade between Britain and countries of the communist bloc. In this restricted context West Leeds and Kirkcaldy Burghs want "free trade." The words should be treated with cautious reserve: uppermost in the authors' minds have been thoughts of *selling* British goods behind the "iron curtain." The howl that would go up in some Labour circles if foreign goods — from the "Peoples' Democracies" or anywhere else — entered Britain freely can be gauged from resolutions tabled in Lancashire. Burnley, for instance, decries "the unlimited importation of cheap cotton goods produced under uncivilised labour standards" and wants a Government Commission to regulate imports. Bolton wants restrictive quotas imposed on Commonwealth cotton goods "produced under what British people can only regard as slave conditions."

Three parties urge that the next Labour Government should repeal derating. Very sweetly, Wirral "feels that the time has come for industry and agriculture (the latter being subsidised) to be released from the generosity given them. . . ." Others demand extension of municipal trading and the introduction of a local income tax. The latter, no doubt, would give rise to further evasion.

Housing resolutions endorse earlier decisions to "repeal" the Rent Act and to "municipalise" dwellings, although there are protests that the proposed compensation is over-generous. Kingston-upon-Hull wants local authorities to be empowered to buy compulsorily vacant properties suitable for housing purposes six weeks after they fall vacant. Southport wants houses which stand empty for more than six months to pay rates, and Hemel Hempstead urges that the next Labour Government should bring in legislation "to ensure that all vacant properties and sites shall pay a fair proportion of the rates, in relation to the services they receive from the local rating authorities."

Other matters which claim attention include education, the National Health Service, pensions and welfare payments, and fuel. Above all there is disarmament, one-third of the resolutions being devoted to this subject.

## Farm Policy Divides Liberals

### Free Imports or Managed Markets?

THE Liberal Party—or at least the section temporarily in control of its fortunes—does not stand for free trade in food. It favours a managed market and believes that agriculture is a proper sphere for state action. This emerges as the outcome of a handbill—the merest scrap of paper—issued recently by the Colchester Liberal Association.

"How would you like £1,000 a year?", the handbill asks. "This is the average sum paid in subsidies each year to farmers who farm 5 acres or more. Who pays this money? You! and every member of your family—on average—pays £6 a year to the farmer in taxes. Support the Liberal Party—the only party fighting this waste and misuse of your money."

#### "NO BACKING WHATSOEVER"

If the Liberal Party had remained unswervingly faithful to the free trade doctrine, the farming press would have ignored the leaflet. As it was, however, they immediately sought interviews with Party spokesmen. Mr. Roderick Bowen, Q.C., told the *Farmer and Stockbreeder* that statements that subsidies are a waste and misuse of money "have no Liberal Party backing whatsoever. The cost of tariffs to farmers exceeds the benefit they derive from agricultural support. But the Liberal Party does not suggest that agricultural support should be cut in advance of the reduction of tariffs on those commodities used by the farming industry." As reported by the *Liberal News*, Mr. Bowen said that it would be utterly impracticable

to include agricultural products within the scope of present plans in relation to a European Free Trade Area. The Liberal Party wished to promote *freer and fairer trade in agricultural products by means of multilateral arrangements between nations*.

#### "TRADITIONAL PARTY POLICY"

In a letter to the *Farmer and Stockbreeder*, Mr. Stephen Martin, vice-president of the Chislehurst Liberal Association, asserted that it was "not true" that the Party wished to promote freer trade by means of multilateral arrangements. At the 1956 Assembly it had adopted a resolution advocating unilateral action to free trade, urging the Government "to abolish progressively all protective tariffs and similar restrictions on trade regardless of the tariffs imposed by any other State." It followed naturally that the maintenance of a guaranteed price system would be impossible. Agricultural costs of production would be reduced as a result of abolishing the tariff duties on the things the farmer uses. "This traditional Liberal policy has never been seriously disputed within the party although on occasions members of the Parliamentary Party, like Mr. Bowen, have side-stepped this basic Liberal economic principle."

Mr. Peter Linfoot, the prospective candidate for Colchester and a member of the Liberal Party Council, in a letter to the same paper—and to the *Liberal News*—admitted that he had written the Colchester leaflet. Its figures were matters of fact. He recalled that at its 1953

Assembly the Liberal Party had pledged itself to the gradual abandonment of agricultural price supports subject to certain conditions. In 1955 it had passed a resolution which viewed "with great misgivings the very insecure position of British Agriculture, depending as it does on Treasury grants of £200 million per annum, much of which finds its way into the pockets of other industries and not those of the farmer and farm-worker. It emphasises once again the necessity of reducing the British farmers' costs of production to enable them to earn a self-respecting and adequate livelihood without the need of State subsidies."

Mr. Linfoot pointed out that the Colchester leaflet does not call for an "immediate" withdrawal of farm support. Something on the lines of the 50 per cent cut in tariffs suggested by Mr. Arthur Holt, M.P., would have to be introduced for a few years during the change over from a protectionist economy to one of Free Trade.

### FALSE PRICES, RIGGED MARKETS

Interviewed by the *British Farmer*, the N.F.U.'s journal, Capt. Mark Bonham-Carter, Liberal M.P. for Torrington, said that Liberals regarded central farm support prices as subsidies to the community as a whole—not specifically subsidies to the farming community.\* British agriculture was "very lightly protected," the highest tariff being 10 per cent on bacon. "Tariffs against farmers are far, far higher than the tariffs which protect them."

Asked if the Liberal Party was in favour of managed markets, Capt. Bonham-Carter replied emphatically. "Yes, we have often said we favour managed markets for horticultural goods." And for agricultural products? The answer was evasive. "I think improved marketing arrangements are of the first importance to agriculture." The present system of grants, subsidies, etc., was extraordinarily complicated. It could not be abolished in one fell swoop but it should be simplified. One way would be to channel support through local branches of the "Land Bank" which Liberals would set up to provide long-term credit.

Capt. Bonham-Carter said that Liberals preferred higher price supports to higher tariffs "first, because it keeps the cost of living down, and secondly, because it is an open and not a concealed tax." The Liberal Party did not like producer-controlled bodies or monopolistic bodies. "We prefer the Fatstock Marketing Corporation to the Milk Marketing Board, for instance, but I don't think it's been suggested that if we had the power we would immediately abolish producer marketing boards."

Also interviewed with Capt. Bonham-Carter was Mr. Lawrence Robson, a former president of the Liberal Party. We have not space to note his replies.

### "DOUBLE-QUICK UNTHINK"

The *British Farmer's* political correspondent in a later issue commented that George Orwell might have described the policy outlined in the interview as "the big double-

\* Subsidies make farm land dear, locking it against newcomers, and enriching agricultural landowners. ED. L&L.

quick unthink." It was a mixture of hope, contradiction and muddle. "If one principle distinguishes the Liberals from the other major parties, it is their adherence to free trade. It has been their watchword for half a century, and it remains their Parliamentary panacea today. And yet they announce their belief in managed markets. It has not been made too clear whether this curious adherence to managed markets (the negation of free trade, surely), is intended to be only an internal arrangement, or something which can be worked on an international basis, but since the question arose in the context of the Free Trade Area plan, it seems that one can have managed agricultural markets (in order to get the Free Trade Area established) and Free Trade (to appease the ghost of Liberal history) at one and the same time."

### SOME BLUNT QUESTIONS

This facing-two-ways farm policy no more fools the farmers than it pleases the consumers. To sum up, we quote from Major Oliver Smedley's letter in the *Liberal News* of July 24:

"1. Do Liberals mean it when they say they are the Consumers' Party? If not, why do they say it?"

"2. Do Liberals really stand for a reduction in Government spending and taxation? If so, why do they not apply it to agricultural subsidies?"

"3. Do Liberals really believe in not giving sectional favours? If so, why do they favour State support for agriculture?"

"5. Do Liberals really believe in Free Trade? If so, how can they possibly support the present dear-food monopoly set-up of compulsory marketing boards, support prices, etc.?"

"6. Why do Liberals imagine that any farmer is likely to vote Liberal rather than Tory or Socialist if there is no difference in their policy?"

### U.S.A. FARM LAND VALUES

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ACCORDING to Agriculture Department figures the per-acre market value of U.S. farm land has continued to rise sharply. On March 1 of this year farm acreage was bringing more than triple the 1940 market price—and 17 per cent more than in 1952, despite the fact that farm income in 1957 was down 19 per cent from 1951. Since 1940, farm land prices have outstripped consumer price rises by 54 per cent—and have gone up 40 per cent faster than the goods and services farmers buy for production purposes. Several factors are seen as entering into this picture. Pressure for farm enlargement to reduce the per-unit overhead burden of efficient farm machinery impels many farmers to pay premium prices for additional acreage. In many areas urban purchasers, seeking land for non-farm purposes, have given major impetus to the rise in farm land prices. The trend toward dispersal of industry away from congested districts has played a part.

## ANOTHER ONE HUNDRED MILLION

**T**WO wads of £50 million were added to the fiduciary issue—the “unbacked” currency—last month. This is equal to more than £2 for every man, woman and child in the country. The effect it will have on prices is obvious. They will rise. The fiduciary issue is now back again at the record peak figure of £2,150 million of late last summer. This was reduced progressively to £2,000 million. Before Christmas it was increased by three instalments of £50 million but these were withdrawn during the early weeks of the year. At the approach of Easter—for holiday spending?—£50 million were pumped back into circulation again. They have never been withdrawn.

No doubt rising prices will give rise to renewed demands for wage increases and the familiar cry will be heard again that the trades unions are “creating inflation.” Much though they have to answer for, they are guiltless of this heinous offence against society. Perhaps the Prime Minister, with debonair sangfroid, will again gently admonish us all for paying ourselves too much. Somebody is sure to take out of the hat the threadbare “increased-productivity-is-the-only-answer” argument. Land values will quietly rise still further: they always do as the value of money falls. If they were collected as the sole or primary source of public revenue, this constant monkeying with the currency would cease.

“If you want to wipe out capitalism, debauch the currency,” Lenin is reported to have said. It is strange that the Conservative Government, with all its talk of believing in free enterprise and a property-owning democracy, follows his dictum so sedulously. Lest our strictures be thought unfairly severe, we recall what the then Financial Secretary, Mr. J. Enoch Powell, said at Wednesfield, last October:

“We could go ahead and spend on all the desirable things a government can think of, from power stations to pictures, and pay the price with *roaring inflation and devaluation of the pound*. If this is not the result the people want—and it is certainly not the result the Government is prepared to contemplate for a moment—then public spending and public borrowing must be limited to what we are prepared to finance by real savings and real earnings *and not just by printing extra banknotes*.”

**FOOTNOTE:** One hundred million pound notes placed end to end measure almost 9,500 miles—three times as far as from Prestwich airport to Washington. Or from Vancouver to Tokyo and back. They weigh more than 1,000 English tons. It is a lot of money.

## LIBERALS' TIMID RATE PLAN

**A** POLICY broadsheet on the taxation of land values has been issued by the Liberal Party information service. Recalling that Liberals have campaigned for this reform ever since 1891—“so that the values created by the efforts of the community should go back to them instead of into the pockets of the landowners,” and for

other stated, good reasons—the statement makes it clear that L.V.T. “does not mean additional taxation but a redistribution of the burden. “A national tax would be imposed on the unimproved value of all land in the country. It would be a substitute for Schedule A income tax. . . .”

Less satisfactory is the paragraph on local rating. “At first local authorities would raise part of their revenue by a rate on land values. This would be a partial substitute for the existing system and would mean a reduction in the rates as levied at present. . . .” Certainly there are overseas precedents for following such a course. But, as the report on Wangaratta shows (page 136), it is practicable to transfer all the rates off buildings and on to land values in one go. Political expediency sometimes makes compromise half-way measures unavoidable but it seems needlessly timorous of the Liberals to aim their sights so low. They will neither appease opponents of land-value taxation nor capture the enthusiastic support of homeowners and others whose interests lie in completely tax-exempt buildings. Perhaps at their Torquay Assembly next month Liberals will make clear that they are wholly opposed to taxes on dwellings, factories, shops and structures of every kind.

The broadsheet mentions that nine Private Bills have been introduced but that none has reached the Statute Book. It is to be regretted that no mention is made of the 1931 land-value legislation—a Labour Government measure—which was put on the Statute Book and was later quietly done to death by the Tories. However, it is some consolation not to find Lloyd George's measure listed as the taxation of land values.

## TAXATION OF LAND VALUES MEANS “FREE TRADE”

*From the DAILY CHRONICLE, February 24, 1909.*

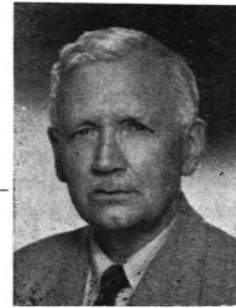
The abolition of tariffs so as to present no barrier to the free exchange of goods among nations is but partial freedom of trade. Before goods can be exchanged they must first be produced, and real freedom of trade implies the sweeping away of all those obstacles now presented to would-be producers by the “owners” of that storehouse of wealth—the land.

In this “Free Trade” country there are practically inexhaustible supplies of the raw materials men need—huge cupboards, as it were, crammed with food and shelter; yet these cupboards may be locked up and trade paralysed at the will of a small section of the community. Need we be surprised at the great payments in the way of rent and royalties that are made by those who thus control the use of “the earth”?

What is needed is the application of economic pressure on monopoly by means of the Taxation of Land Values. As the tax is increased its pressure forces the dogs-in-the-manger to give way and to allow access to more and more “cupboards.” The tax on land values will loosen the grip of the monopolist, and enlarge the field for the real workers and producers.

# Economic Liberalism

By OLE WANG



*A Norwegian vice-president of the International Union, Mr. Ole Wang has met many of our readers at the Union's conferences. Born and educated in Oslo, he has worked with various firms in Norway and abroad, and has served as Paymaster with the Norwegian Navy. After 40 years service he retired recently as Manager of the Tönsberg Marine Insurance Company.*

WHEN, as a young man, I was trying to take my bearings in the political field I happened to meet some of the men who had been inspired by the ideas of Henry George, as first brought to Norway by Viggo Ullman (1848-1910). As early as 1886 this liberal politician and educator had translated *Progress and Poverty*, and it was through this translation and the efforts of Jakob E. Lange that the seed was sown from which the great movement has grown up on Danish soil.

When I met these Georgists I had been rather uncertain whether to join any political party. None of them appealed entirely to me. The ways of the socialists and half-socialists for righting injustices seemed to me to be leading to other injustices, especially to loss of liberty. On the other hand, the ideas of non-socialist parties did not seem to offer any prospect of economic justice for the masses.

Thanks to a thorough knowledge of Ricardo's theory of rent as expounded by John Stuart Mill, it was as if a film fell from my eyes when my new friends explained their views to me. Here was the true natural foundation for the regulation of this world's affairs: Justice. Not a nostrum, but a basic principle, "the firmest pillar of government" as George Washington has stated.

I do not think the goal at which Henry George was aiming can be better described than by quoting the words which John Stuart Mill wrote in his *Autobiography* of the result at which he and his inspiratrix had arrived after life-long mental progress: "The social problem of the future we considered to be, how to unite the greatest individual liberty of action, with a common ownership in the raw material of the globe, and an equal participation of all in the benefits of combined labour." What Mill here visualised, before *Progress and Poverty* was written, was a truly liberal society, but, unfortunately, present day "liberals" seem not to understand how the achievement of liberal ideals depends on the prior destruction of the greatest of all monopolies. The solutions they offer differ only in degree from those of the socialists. Lacking a policy which combines liberty with justice, they have been steadily losing ground, incapable of arresting the general trend toward "The Servile State" foreseen 45 years ago by Hilaire Belloc, or even to "1984".

Some prominent liberal thinkers there have been, however, who *have* understood the importance of the land question. Notable among them was the late Professor Eli F. Heckscher, the universally known Swedish economist. In 1921, he stated as a point of principle that the appropriation by the community of rent "must form part of the new economic liberalism, which cannot fulfil its mission or live up to its teaching without it." The number of great men who have from time to time, more or less

definitely, declared themselves in favour of our ideas, is very large, but the impression which might thereby have been made has been minimised by soft-peddling, ridicule and misrepresentation in influential quarters. Opposition has come not only from those who wished to preserve their own privileged economic position but also from those whose pet ideas of State economic planning and "welfare" were questioned.

Many eminent statesmen, amongst them President Eisenhower, have pointed out that communism can, in the long run, be successfully combated only by means of ideas. Imitation of socialist methods, so common among those bidding for votes, is of no avail. In the economic field it is essential to confront communism with the diametrically opposed ideas of individualism. This involves maintaining the rights of each to the result of his efforts, while reserving to the community the value that attaches to the natural resources by the growth of the community. The resultant fund should be used for the common benefit, and for fulfilling the social obligations towards those who are unable to support themselves.

Is there any prospect of winning the electorate? I believe that most ordinary people would prefer a system giving justice *with liberty*. Not many are convinced socialists or communists. Whether those who are can be won over is an open question but it is worth recalling that item No. 1 of the programme in Marx's *Communist Manifesto* dealt with ground rent. That is not to suggest that Henry George was a half-way follower of Karl Marx. On the contrary, the two were strongly opposed to each other. Marx's proposals for state-governed production, for the establishment of armies for industry and agriculture, *etcetera*, were utterly repugnant to George who, to use the words of Eli F. Heckscher "is the most thorough-going liberal of the old school that ever existed."

If the liberal parties adopted Henry George's ideas they might attract support from the rank and file of labour. And even the leaders of the socialist parties could scarcely object to the carrying through of item No. 1 in their founder's programme. George was opposed to "the substitution of governmental direction for the play of individual

action, and the attempt to secure by restriction what can be better secured by freedom. . . ." But he did not oppose the "ideal" of Socialism, which in one passage he called "grand and noble." He foresaw a society in which Government took upon itself functions which must of necessity be monopolies. There is, of course, nothing in his views opposed to co-operation on a free basis in any other branch of human endeavour.

★

**T**HE chief concern of statesmen at the present moment is how to put an end to cold war and secure peace. One hears much about the restriction of the manufacture and use of the *means* of war, but little about the removal of the *causes* of war. Amongst these latter, the ideological ones are perhaps dominant, but that there are also economic causes cannot be denied. If these could be removed, it is possible that "peaceful co-existence" could be realised. Which of the rivalling ideologies would then survive would be a question of competition in giving satisfaction of human wants both as regards things temporal and things spiritual. And they could perhaps influence each other.

It is the hall-mark of a true basic principle that it is applicable to any problem. Justice, which includes true liberty, is for worldly affairs what Love is in the Kingdom which is not of this world. The first is perhaps the prerequisite for the second's chances of working its good. What if statesmen at the highest level would apply the principle of Justice to the solution of the international questions and to other affairs of this world? Justice, not only as between the sovereign states, but also for the masses and individuals, would mean the securing to all of their right to the natural resources of the globe. Free Trade could secure a just distribution provided each country's share of these resources was equal, not necessarily in kind but in value. An equalisation might be

necessary owing to maldistribution as between the countries of the gifts of nature. No help to underdeveloped countries would then be needed if their peoples could get their rights to these gifts secured internally. A start in the assertion of just rights to natural resources could be made in the establishment of rules for the utilisation of the resources in uninhabited territories such as the Antarctic continent, which is now a question of immediate importance, or in extra-territorial waters, where such rules are needed for the preservation of natural riches.

We often hear that "the World is One" in consequence of the development of the means of communication. But, notwithstanding endeavours after the two wars, the politico-economic structure of the world has not kept pace. Barriers against the free movement of goods, capital, men and ideas have become anachronisms at a time when you can travel around the world in a day, and these barriers are another cause of tension. The proposals for removing them in restricted areas are half-hearted and vacillating, and apt to create blocks antagonistic to each other. What is wanted is a courageous world-wide "brooming out."

It remains to be seen whether the proposed conferences at top level will come about, and, if they are held, whether the two ideologies can be made to co-operate. It seems evident that some sacrifices must be made of the sacred sovereignty. The obvious instrument for putting the measures agreed upon into operation would seem to be the United Nations organisation, whose charter is now ripe for revision, but recent utterances from high quarters are to the effect that the great powers have the responsibility and should act for themselves. Whatever procedure is adopted, what matters is the spirit in which the negotiations are prepared and carried on, and whether first things are put first: the removal of the *causes* of international tension and, ultimately, of war.

## IMPORTANT DECISIONS BY U.S. SUPREME COURT

To the Editor of LAND & LIBERTY

Sir,—Perhaps the most important setbacks that absentee landlords and land speculators have ever suffered were meted by the U.S. Supreme Court in the Term now closing.

In the case of *U.S. Commissioner of Internal Revenue v. Lake*, No. 108, the Court ruled on April 14 that profits from oil royalty sales are taxable at the same rates as earned incomes (up to 91 per cent), and not as "capital gains", with top rate of 25 per cent as had been supposed. This was a unanimous decision, 9-0.

Constitutional experts have little doubt that the Court will rule that all profits made in selling landed property will now also be held taxable at the same rates as earned incomes and not as capital gains. The Court has not yet so ruled about ordinary land sale profits for the reason that no case has squarely presented that question.

Obviously there would be little or no "incentive" to speculators to hold land idle, waiting for community activities to increase its sale value, if they had to pay 91 per cent of the "profit" so derived. In most States they would also have to pay State income tax. *The politico-economic force, effect and implications of the April 14 ruling may be more beneficial than first meets the eye.*

On June 23, the U.S. Supreme Court reversed the Supreme Court of California, and upheld the so-called 160-acre limitation law of 1902 in the *Ivanhoe Irrigation District case*, Nos. 122 to 125. The decision was 8-0, with Mr. J. Frankfurter expressing no opinion.

Time and again the absentee landlords have tried to persuade Congress to repeal or modify this venerable federal law of 1902. All such efforts have been unsuccessful. But if the U.S. Supreme Court had upheld the decision of the California Supreme Court, absentee landlords would

have succeeded where their efforts in Congress had failed.

The 1902 federal law is applicable only in land reclamation projects which are "aided" by means of federal loans and subsidies. It was the only way open to Congress to protect the small holders against monopolisation of the subsidised water by big holders. Unlike the States, Congress cannot tax land values created by a specific project. It must subject all land in the Republic to a uniform *ad valorem* tax. Between 1798 and 1861 it often did so. (See *US 553, 563; 158 US 601*).

. . . This "Ivanhoe" decision rings the Liberty Bell in an economic sense. It protects the inalienable rights to Life, Liberty and Property guaranteed by the U.S. Constitution (14th Amendment) and upholds the basic command of "Equal Justice Under the Law".—Yours &c.,

J. RUPERT MASON

San Francisco, June 24.

Land & Liberty



# Lancashire's Problem and Answer

By LYNDON H. JONES

*Joint Hon. Secretary of the Free Trade Union*

IN the second half of the nineteenth century Turkey was looked upon as the sick man of Europe; in the second half of the twentieth century, the European cotton industry affords an economic parallel. Unfortunately, though, whenever the question of the cotton industry is raised, emotionalism is allowed to cloud the issue, and consequently instead of firms seeking to adapt themselves to changing circumstances, their managers tend either to abandon hope or to dissipate their energy and resources in urging the government to pursue policies which, even if adopted, would barely offer a temporary respite. Accordingly, the purpose of this article is twofold. First to analyse the problems facing the trade, for until they are clearly recognised, it is impossible to suggest the appropriate remedies, and then to suggest the policy which the industry and the government should follow.

Currently, the European industry is caught between competition from countries with low wages and those with a high degree of productivity. And if present trends were allowed to continue, the ultimate result must be the gradual disappearance of a considerable part of the traditional European textile industry. This contrasts with the 37 per cent increase in textile production which has taken place in the last twenty years, primarily in areas outside the older centres of the industry, namely western Europe and Japan, and mainly in the U.S.A. and India.

Simultaneously, the textile industry, particularly in the U.K., is undergoing marked structural changes. There has been a slight fall in the total numbers employed in textiles in this country since the peak year of 1951, but this has arisen from the fact that a policy of deliberate over-expansion was undertaken in the immediate postwar years. The important factor is that there is no overall marked decline in employment, but the pattern is changing. Certain sections of the industry, in particular cotton spinning and weaving, are contracting whilst others, notably those concerned with the production of newer man-made fibres are expanding. Furthermore, much of this new development is occurring in areas outside the traditional centres of the industry. Also changes in technology are taking place. For example, the conventional method of making cloth by weaving is declining and woven fabrics are being replaced increasingly by knitted goods and by bonding. Along with this has been the loss of markets by woven textiles to substitutes (such as paper and aluminium foil, and rubber and plastics) both in industrial and consumer markets.

One further factor of major importance has been the loss of export markets. Whereas in 1949 over nine hundred million square yards of cotton cloth were exported, by 1957 the figure was less than half this. In part this has arisen because other countries have raised tariff barriers against Lancashire's exports.

Personal experience and the weight of evidence leads one to conclude that continental manufacturers are more aware of the nature of the problem than are their counterparts in Lancashire; they are raising productivity to a level comparable with that in the U.S.A. This was confirmed by Mr. G. H. Jolly, technical adviser to the Federation of Master Cotton Spinners' Associations, Ltd., following a visit last year to a Belgian mill. He found "labour productivity fully equal to the best United States mill," whilst Lancashire compared very unfavourably. The Operative Hours of Production compared with the best 25% U.K. mills on a similar count was:—

	<i>Belgian Mill</i>	<i>25% Best U.K.</i>
Card Room ... ..	1.95	5.0
Ring Room ... ..	2.43	6.5
Total ... ..	<u>4.38</u>	<u>11.5</u>

Clearly, then, Lancashire and other European textile producers must tackle the question of increasing productivity. This will necessitate the redeployment of labour, the introduction and general implementation of modern wages systems, and outlawing of price-fixing agreements which act as built-in rigidities, not built-in stabilisers, and which cut deep into employment whilst maintaining profits during a slack period—and, finally, the development of a marketing system adapted to mid-twentieth century conditions. Allied with this, there must be a high level of machine utilisation, which will necessitate shift-working.

This is in line with the recommendations made in 1946 by the Working Party Report on Cotton, which summed up the position with the slogan "Fewer and better mills." It has been the failure of the industry to follow the policy as outlined in that Report that accounts in no small part for its present dilemma.

Enough has been written to show that government assistance to the industry by imposing restrictions on foreign cloth imports would not solve the problem, and there is always the possibility that such action might lead to retaliation with unfortunate repercussions for other British industries. This is not to rule out any help whatsoever from the government, and several steps could be taken to afford assistance.

Firstly, the industry is asked to sell under conditions of free trade without being allowed the benefits which flow from buying in a free market. Tariff restrictions therefore should be removed from machinery, man-made fibres and other imports of the industry.

Secondly, the government should sponsor an economic conference which has as its objective the liberalisation of international trade in raw cotton, yarn and finished cloth. In recent years fluctuations in raw cotton prices and the "politicalisation" of this market has created tremendous uncertainties and dislocation of trade.

Thirdly, the government should abolish the bans on

trade with the Communist bloc. The people of Hong Kong turned to the manufacture of textiles after 1950 when an embargo was placed on their entrepôt trade with China, and the relaxation of this ban would allow Hong Kong and Japan to look to the Chinese market which is the natural outlet for their goods. This would thus lessen some of the pressure on Lancashire's home and foreign markets.

Finally, the government should instruct the nationalised industries to review their policies in regard to buying textiles. Prior to nationalisation, for instance, hundreds of coal mines were each ordering separately with a resultant steady flow of orders. In contrast nowadays one can find the section of the trade making industrial

## Cotton in the Commons

*Protectionists turn their attention from the "menace" of cheap butter to the "threat" of cheap textiles.*

THE Cotton industry was debated in the Commons on June 30 on a supply motion moved by the Labour Opposition. Mr. Harold Wilson, opening, claimed that the industry was bleeding to death. Imports of grey cloth had mounted from 76 million yards in 1953 to 372 million yards last year. Exports had fallen a further 25 per cent since 1954. In the same period 367 mills had closed—some were the most modern, highly efficient and highly equipped imaginable—and since the present Government came to office 78,000 workers had left the industry. Even these figures did not tell the whole story. The Government had "utterly betrayed" the Labour Government's pledge that it would "look after the industry."

Hong Kong feared that quotas were to be imposed cutting their exports almost to nothing: Lancashire feared the open-ended nature of the trade and dangers of further expansion of British imports. "In these circumstances, where there are fears from opposite directions, I think that a settlement would be possible." Working conditions in Hong Kong today were of the kind made illegal in this country a century ago. "No hon. Member in any part of the Committee can defend women working for 12 and 13 hours a day. We cannot defend women, or men for that matter, working a seven-day week."

The Government should set up a buying commission to regulate imports. Thus armed, a Minister should go to Hong Kong to negotiate an agreement (to limit exports to Britain). Action should be taken to deal with labour conditions in the Colony.

Lancashire and the cotton unions were not saying, and never had said, that they would not have imports from any country with lower living standards than their own. [Unparalleled magnanimity? Or inability to enforce an embargo?] A deep-eyed socialist-protectionist, Mr. Wilson confessed:

*"If we were to say that it is right in all circumstances to place tariffs and quotas on goods purchased from*

textiles being disrupted because some body, such as the National Coal Board, temporarily withholds an order.

On final point remains. Protection for Lancashire, we are told, is justified because it would prevent currency drain resulting from outside purchase of essential textiles and because the industry is needed for strategic reasons. Neither of these contentions warrants serious consideration. The cotton industry is one with a low conversion factor—cotton is bought, frequently for dollars, and this comprises the main item of cost in the finished article for the labour content is low. On balance of payment grounds therefore the industry is expendable. One would have thought that the possibility that any future war would be fought with nuclear weapons disposed of the defence argument.

*countries with lower labour standards than our own, obviously we could not honestly protest against tariffs put on our exports by the United States and Canada."*

Delectable admission, worth remembering.

Sir David Eccles, President of the Board of Trade, said that cotton was the gravest problem in the private sector of the economy. There had been a stupendous decline in exports, markets having been lost as a result of two world wars and through other causes. The Board of Trade was fully aware of what was happening; it watched with real anxiety the severe and continuous amputations suffered by the industry. Nevertheless, "there has been greater expansion of employment in Lancashire than the contraction in the textile industry." An operative there could nearly always find another job fairly quickly. But in India, Pakistan or Hong Kong if an operative lost his job he and his family came near to starvation.

It was quite untrue to suggest that Lancashire enjoyed no protection. The tariff against non-Commonwealth textiles was "fairly stiff"—17½ per cent against piece goods; 20 per cent against made-up goods. Stringent quotas had been imposed on Chinese and Japanese textiles.

In 1954 retained imports amounted to about 3 per cent of home consumption. Today the figure was something over 15 per cent. India had voluntarily agreed to limit exports to Britain; he expected that Pakistan would similarly agree. It would then be necessary to renew negotiations with Hong Kong in the hope of securing similar agreement. A three-year agreement would offer an opportunity in which to bring about a hopeful transformation of the Lancashire industry. Change was inevitable "but the acceptance of gradual change does not mean that we should allow a violent disruption." Agreement would have to be voluntary—threats to impose restrictions on Commonwealth goods were not appropriate within "the family." Imperial Preference—under fire in the debate—was of mutual benefit. "How could we go to the Montreal Conference [in September] and make our ease for maintaining mutual preferences if, just before, and unilaterally, we had imposed restrictions on textiles from Asia?"

# The Forty-Ninth State

100 MILLION ACRES AT STAKE

**F**EARs that the most valuable untapped mineral and timber lands in the world may be thrown into the laps of speculators are expressed by the Los Angeles *Henry George Herald* in its July editorial on the Alaskan Statehood Bill. Under the Bill, which was recently passed by the U.S. House of Representatives, Alaska will become the 49th State of the Union.

The *H.G. Herald* says that "102,550,000 acres of Federal land would be given outright to the State to be sold at the will of Alaskan politicians. A mineral rush is in the offing that will make the goldrush days of the 'nineties look like a cricket match in slow motion. Conservation-minded Americans had long hoped that the billions of dollars of natural resources in Alaska would be held as the common heritage of all Americans, rather than for the 215,000 Alaskans, whose total population is less than that of Long Beach. We can only pray that Alaska will copy Long Beach in applying oil revenues to public use."

The editorial quotes as follows from a most interesting speech made on August 6, 1912, by Theodore Roosevelt:

"Alaska should be developed at once, but in the interest of the actual settler. The government should keep the fee of all the coal fields and allow them to be operated by lessees, with the condition in the lease that non-use shall operate as a forfeit. Moreover, it would be well in Alaska to try a system of land taxation which will, so far as possible, remove all the burdens from those who actually use the land, whether for building or for agricultural purposes, and will operate against any man who holds the land for speculation or derives an income from it based, not on his own exertions, but on the increase in value due to activities not his own."

## DANGER EXAGGERATED

At our invitation, Dr. James L. Busey offers these comments written late last month after visiting Alaska. Now associate professor of political science at Colorado university, Dr. Busey spent most of the nineteen years prior to 1946 teaching in Alaska. He writes:

"Although there is an obvious chance for land abuse in the grant of more than 102 million acres of Federal land, I think the *Henry George Herald* exaggerates the danger.

"In the first place, I have no evidence that the state authorities to whom the land will be granted have any intention of allowing it to fall into the laps of speculators. Many of the people who will be active in the politics of the new state are known to me as individuals who are keenly aware that the most careful planning possible is needed to prevent destruction of Alaska's economic potential. Although, unfortunately, these people are not Georgeists they are concerned with the problems raised by the *H.G. Herald* and they would welcome suggestions from

Georgeists. I have already seen Bob Atwood, editor of the *Anchorage Times*, on this very point. Others who should be contacted include the very able Ernest Gruening, former governor of the territory; Bill Egan, who will figure high in political circles in the new state; Victor Rivers, another leading light; newspaper editors throughout the country, and so on. These men are neither knaves nor fools. They are as conscious as anyone else of the need for sound economic policy.

"A second point that must be most strongly made is that retention of the land in federal hands would be no assurance whatever that it would be properly used. Already much land in Alaska has fallen into the hands of irresponsible speculators as a result either of loopholes in the homestead and homesite rules or of abuse of those rules. Only a minimum, sometimes quite perfunctory, improvement has been required under the federal rules to secure full title to anything from five to 160 acres. I know of many people who in the early days secured 160 acres as homestead land for a payment of a \$16 fee and who a few years later sub-divided and sold the land for \$250 per acre. If my figuring is correct, that represented a profit of about 25,000 per cent on the investment—not bad! Despite the fine words of Teddy Roosevelt, the federal government has been notorious for its wasteful land grants to railroads, so-called homesteaders, out-and-out speculators, and so forth.

"Though we cannot be sure at this point, there is good reason to believe that the new state will be at least as conscious of the need for adopting proper land policies in Alaska as the federal government has been. Georgeists should not delay in getting off letters and literature to all Alaskans they know."

## Austria

**F**ROM Vienna last month, Mr. Philipp Knab, a member of the Austrian Land-Value Taxation League wrote: "Our progress here is slow but we have made some headway among the municipalities. As a result of continued work of information, land and improvements have been distinguished in the valuation law of 1955. The next step would be to obtain permission for the municipalities to differentiate taxation accordingly, *i.e.* to exempt buildings from taxation or at least to reduce the tax burden on them and to charge land values instead. If that could be done we might launch an efficient drive to spread the movement."

With a view to winning new support, Mr. Knab has written a pamphlet entitled *Die Steuer im Lichte des Natürlichen Rechtes* (Taxation in the Light of Natural Law). A few German and Austrian papers have commented favourably on it, he tells us.

# CHRONICLE DESPATCH

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THURSDAY, JUNE 5, 1958

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## BUILDING 'WAVE' ENVELOPS WHOLE OF TOWN

### Seven New Shops For Yarrunga

Seven new shops are being constructed in Yarrunga shopping area.

The shops are being built in two blocks on either side of Wills Street, west of Vincent Road.

They will bring the total number of business houses in the area to 20.

—And Each

Building is

Tax Free!

### £30,000 Facelift Will Modernise The Commercial

A £30,000 facelift is planned to make Wangaratta's Commercial Hotel one of the most modern in provincial Victoria.

One of Wangaratta's oldest buildings, the Commercial Hotel, is being modernised.

### AND RIGHT IN TOWN—

Plans which Messrs Orr, Barry and Dore are building for Motor Spares Pty. Ltd. in Faithful Street will be completed in early August.

This single storey brick structure will have a frontage of 100 feet.

## A "Single Tax" Town in Australia

WANGARATTA is a borough (charter granted 1863) lying some 145 miles to the N.E. of Melbourne. It is an important town at the junction of Ovens and King rivers, in a good agricultural and dairying district. Grain, tobacco, flax, broome, and hops are the chief crops. In the town there are two flour mills, a foundry, a rayon factory, woollen, saw and flax mills, butter and cordial factories, a bacon-curing works, and so on.

In August, 1956, ratepayers were invited to vote on a simple issue. Should rates be taken off buildings and improvements and levied on land values only? By more than four to one the answer given was, "YES!"

It was a wise decision. Already the first benefits are being reaped. Our facsimile reproduction of a part of the front page of the *Wangaratta Chronicle-Despatch* shows what is happening. New buildings are being erected: old ones are being modernised. That means a better town, more jobs, increased business turnover. *And this is taking place during a fairly general recession in the building industry in Victoria.*

Of course there is nothing new or surprising about all this. It is the inevitable and invariable experience of towns which adopt a scientific local taxation, instead of playing catch-as-catch-can and beggar-my-neighbour. Similar reports appear with clockwork regularity in place after place, year after year. Just recently, for instance, the *Sunraysia* carried a headline: "RECORD BUILDING TREND CONTINUES." That referred to Mildura City—351 miles N.W. of Melbourne—where ratepayers gave a 3½ to 1 vote in favour of adopting land-value rating in August 1956. Building in 1957 broke all records. And at the present rate, the 1957 record will be broken this year.

But to get back to Wangaratta. The borough levies all its rates on land values as follows: General 8d., water 3½d., sewerage 3d., making a total of 1s. 2½d. in the £ of the

assessed capital value of land. That gives a tax rate of 6 per cent. (Metropolitan municipalities are permitted to levy only their general rates on land values.) As our Melbourne contemporary, *Progress*, recently remarked: Wangaratta provides the answer to speculation—outside Australia—whether sudden change of all rates to site-value at one step would be too drastic.

The *Chronicle-Despatch*, June 5, commented editorially:

"This seems to be one of Wangaratta's most energetic years. Announcements of new commercial building and rebuilding indicate just how rapidly the town is going ahead. The expansion of Yarrunga's shopping centre is particularly significant and could set a pattern for suburban centres of the future in the western and southern sections of Wangaratta.

"Plans for remodelling the Commercial Hotel will also be widely applauded. A new face on this century-old building should bring it into line with the growing number of modern fronts in Murphy Street and greatly improve the main street's appearance.

"Overwhelming success of the cancer appeal, the enthusiasm with which the showground's cricket pavilion project is being tackled . . . and plans for a new Manchester Unity Hall suggest a healthy community spirit. . . ."

New developments now in hand include shops, offices, a modern engineering workshop, a motor showroom, and a service block for the hospital. Valuable blocks of idle land have been sold by auction at "very satisfactory" prices, and some derelict buildings have been demolished to make way for new ones. Mr. H. Bell, who bought the Commercial Hotel last August, said that ever since he was a child he had looked at it and thought it was about time it was improved. "I never dreamed I would do it," he told a reporter.

# Resounding Win in South Australia

**L**AST month we reported the four-to-one decision of Jamestown ratepayers in favour of adopting land-value rating. We commented: "It is reasonable to suppose that the decision may lead to polls, with similar results, being held elsewhere."

We were over-cautious. Another poll *has* been held. And a glorious seven-to-one vote has been cast in favour of the land-value system of local taxation, as popular as it is just and expedient.

The poll was held on May 31 (three weeks after Jamestown) in the nearby Peterborough Rural District Council area. Voting was:—

To adopt land-value rating	...	...	...	168
To continue to levy rates on buildings, etc.				24

This brings to 32 the number of local government areas in the State which rate on land values. Peterborough is a rural area roughly 200 miles north of Adelaide.

The result shows, not for the first time, that people whose interests are directly and intimately concerned with the land—as they are in rural areas—realise that the land-value taxation policy is not a punitive scheme cooked up by townsmen and directed against them but something good to be seized with both hands. Who knows? One day British farmers may realise this, as already do the smallholders in Denmark and California.

*Our Adelaide correspondent, Mr. E. J. Craigie, in a letter dated June 23 conveying news of the victory writes:*

"On July 11 I expect the Robe District Council, 230 miles south-east from Adelaide, to come to a decision on whether to hold a poll. I was down there some weeks ago and addressed the Council. Members were sympathetic but feared that it might be difficult to secure the necessary three-fifths majority to carry the poll. And if

a poll is held, but not won, they fear that they will be blamed for wasting ratepayers' money."

*On July 5 a further blow was struck for sound municipal finance, this time in the Adelaide suburb of Payneham. Let Mr. Craigie tell the story in his own words:*

"Following the rejection of the request of 500 ratepayers who petitioned the Payneham Municipal Council last March asking that a rating poll be granted, it was decided to nominate five candidates against the five councillors who were retiring this year and who had, consequently, to face the ratepayers.

"Meetings were convened in each of the five wards, a house-to-house canvass was made, and a number of leaflets were issued. The local people elected me as their campaign director, and the election was held on Saturday, July 5. Here are the results:

Ward	For L.V.R.	Against L.V.R.
Felixstowe ...	J. S. Bond ... 145	J. S. Smith ... 129
Glynde ...	J. Byrne ... 230	T. Gilbert ... 254
Joslin ...	W.T.Potter ... 623	R. W. Dienert 112
Payneham ...	L. R. Cock ... 160	A. G. Pitt ... 263
Wellington ...	O. R. Rogers 356	S. Jones ... 256
Total ...	<u>1,514</u>	<u>1,014</u>

"You will see that we won three of the five wards and our fourth man was only 24 behind in Glynde. We regard this as a moral victory. Just prior to polling day, Mr. Gilbert (in Glynde Ward) issued a leaflet stating that if returned *he would vote for a rating poll to be held*. So at the next council meeting (July 28) Councillor Haase, who has done good work for land values, will move a motion to take a poll, and if Mr. Gilbert keeps his word we shall have six votes to four. It looks good, and as a lot of work was put into the fight we deserve success."

## PRELIMINARY NOTICE

### Tenth International Conference in Western Germany Next Year

**T**HE Executive Committee of the International Union for Land-Value Taxation and Free Trade met in London on July 11. Mr. Ashley Mitchell, joint honorary treasurer, presided. The only overseas member present was Mrs. B. Crafoord-Lundstrom, of Sweden. Many absent members appointed proxies.

The principal business (after considering the accounts) was to decide the date and venue of the next international conference. Proposals from absent members that it should be held in Africa, Central America, Denmark, Egypt, France, Holland, Ireland, Israel, Spain, Sweden and the U.S.A. were before the Executive. They had been carefully considered by the Finance Sub-Committee. For instance, on its behalf, the late Mr. A. W. Madsen, B.Sc. (then secretary) had visited Holland in the autumn of 1956, and in Spain Mr. J. Paluzie-Borrell, of Barcelona, had un-

successfully sought official assurance that the conference would be welcome in his city. There were practical difficulties with regard to the other countries suggested.

The Executive accepted the Sub-Committee's report and, after thorough discussion, unanimously accepted its recommendation in favour of Western Germany. A comprehensive report on the possible suitability of various cities, including West Berlin, had been submitted by Mr. Erich Zincke, of Hanover, on the basis of which the Executive decided in favour of that city, subject, however, to a favourable report by Mr. V. H. Blundell, who was asked to visit Hanover at the first opportunity. Mr. Blundell will cross to Germany on August 16. It is expected that the conference will be held in the last week of July, 1959.

*A further announcement will appear in our September issue.*

# King Salmon's Tax-Free Bed

*The Debates in the House of Lords on July 1 and 15*

## *Committee Stage, July 1.*

VISCOUNT COLVILLE OF CULCROSS, introducing his amendment, explained that salmon fisheries in Scotland were divided into two parts: that which consisted of the right to fish in the river and that which consisted of a certain number of small huts, or even a dwelling-house and a drying green on dry land. At present rates for this right were paid at 25 per cent assessed on the actual amount paid by the occupier of the fishery to the landlord for the right to fish in the river.

His suggestion was that after 1961 there should be no rates at all on the right to fish in the river. "So far as the dry land part of the fishery is concerned it will mean that the dwelling-house on dry land, or any other building, or the drying green if there is no other building than that, will pay 100 per cent rates."

Salmon fishery and agriculture were very similar occupations. "Both produce food, both work in the country and, as I said on the Second Reading, in Scotland, at any rate, both employ the same people because they fit in—peak employment in the salmon fisheries commencing with the period of lowest employment in agriculture and vice-versa. But in comparison with agriculture salmon fisheries have a very poor deal. They have no subsidy for their crop; they have no capital grants for their buildings, and they have no drainage grants or any sort of subsidy from the Government at all. On the other hand it is a highly precarious occupation. As much as £15,000 worth of nets may be lost in a single storm and there is no method of replacing them except by drawing on profits which have been made; and even they are very doubtful indeed."

If the Bill was not amended, salmon fisheries would be placed in a peculiarly prejudicial position. After 1961 the combined effect of abolishing owners' rates and rerating industry would be to treble the rates paid in 1956. "I hope that some of my noble friends will expand on the importance of these fisheries, both from the point of view of depopulation of rural Scotland and also from the point of view of the unemployment in some of the areas which are at present threatened by the closure of these stations. Both on its merits and on this very important unemployment and depopulation issue, I suggest that this Amendment should be accepted by your Lordships."

LORD FORBES, supporting the Amendment, said: "If this rating is increased in any way, there is little doubt that more salmon net stations will have to close down and that the men from these stations will be turned out of their employment. And they will not return to the Highlands; they will seek employment in the industrial parts of the country."

## **CROFTERS' LIVELIHOOD**

LORD LOVAT, speaking as a Highlander, said that "in the Moray Firth area alone there are nearly 250 men who work the salmon nets as a seasonal occupation. They represent the backbone of the crofting counties, and they are, in fact, crofters. It would be a terrible thing to see their livelihood destroyed for a principle with such a small stake, for a sum of money which, in its total amount, runs between £1½ and £2 million of net-caught salmon per annum. . . . A company in which I have an interest paid out £25,000 in wages to eighty men last year, and lost money on the venture; and many smaller organisations of this kind are working a precarious living up and down the coast."

VISCOUNT STONEHAVEN told of a netting station on the Kincardineshire coast which, according to the owners and operators, would definitely close down if rerating came into effect.

## **NOT PROVEN**

LORD STRATHCLYDE, MINISTER OF STATE FOR SCOTLAND, said that the effect of the Amendment would be to derate the actual salmon net fishings entirely. The argument that the fishings were analogous to agriculture was open to dispute. "Since 1929 the salmon fishing industry has been satisfied to be classed as industry and Her Majesty's Government do not see any good reason to change over to agriculture at this moment." To make an exception for one industry would impair the general principle that industry as a whole should be rerated to 50 per cent. No facts or figures had been produced to prove that depopulation would result from rating salmon fisheries at 50 per cent. If a certain fishery had to close down in the event of the Bill going through, "all I can say is that it must be a poor fishery, because, after all, the amount of money which will go out in rerating is not all that serious so far as any efficient and profitable business is concerned."

VISCOUNT ALEXANDER OF HILLSBOROUGH (Labour) said that he was pleased that the Minister had promised

to look at the matter again. He was not wholly opposed to the Minister's view. But he had been impressed by the manner in which the Amendment had been presented. If there was in actual fact a danger that depopulation would be intensified by the effect of the proposed legislation, that was a matter to be taken into consideration before the Report stage of the Bill.

## **REDUCE RENTS**

LORD DOUGLAS OF BARLOCH (Labour) said: "This is an economic problem. It is said that if the rateable value of salmon fishings is increased, it will prevent salmon fishing from going on; that men will become unemployed and the industry will diminish. I am under the impression that salmon fishings pay rents to the owners, and if that were to begin to happen, the obvious result would be that the owners, rather than sacrifice their rents completely, would have to reduce the rents; and in the end they would have to reduce them, if this argument is true in its initial stage at all, to a point at which the salmon fishing will be able to continue as an economic proposition. That seems to be the economic outlet of the problem, and, if that is so, then there is no case for the Amendment."

Answering, VISCOUNT COLVILLE OF CULROSS said: "I am most grateful to the noble Lord, Lord Douglas of Barloch, for bringing up the question about owners reducing their rents. At the moment, it is true that salmon fishery is assessed on the actual rent paid. After 1961 it will not be so assessed, but will be assessed on the hypothetical value of that salmon fishery and, therefore, may have no connection with the actual rent paid at all. Nor would it necessarily be reduced if the owner reduced his rent."

Their Lordships divided, 24—24, and the amendment was lost. Among those who voted for the clause were—*Labour*: Viscount Stansgate and Lords Archibald, Burden, Haden-Guest, Milner of Leeds, Silkin, and Wise, and *Liberal*: Viscount Clifden and Lords Amulree, Rea, Sinha, and Trefgarne.

## *Report Stage, July 15.*

VISCOUNT COLVILLE OF CULROSS moved an Amendment substantially the same as the one defeated on the Committee stage. It referred only to net fishing of salmon by means of fixed nets in estuaries and rivers and on the open coast of the sea. It had nothing whatever to do with rod fishing.

In 1929 the late Lord Lovat had moved an amendment, which was carried on a Division, to derate salmon fisheries to the same degree as industries. "This was necessary because, while agriculture was being derated to 87½ per cent, and industries to 75 per cent, nothing was being done about salmon fisheries at all . . . Throughout his speech [he had] pointed to the comparison between salmon fisheries and agriculture [concluding with] the somewhat remarkable statement: *'This salmon fishing is purely industry and is as industrial as agriculture.'* I think your Lordships would agree that this may have been a valid confusion."

Salmon fishing was the only rural occupation not included in the definition of agricultural lands and heritages. That was a good reason for now including it. The white fisheries, having no rights, therefore paid rates only on their land premises.

#### CANNOT "PASS ON" A TAX ON RENT

*"It may be said that if the rates are going up they can be passed on to the consumer. But this is not the case with the salmon industry. At present, Scottish salmon is in competition in the English market both with Irish salmon, in very large quantities, and, to some degree, with Scandinavian salmon, while hanging over its head all the time is the threat of imports of salmon from other parts of the world . . . The increase would have to be borne inside the industry, and that means one thing and one thing only; the closing of unprofitable stations."*<sup>1</sup>

#### "RAW MATERIAL"

Salmon fishing was an export industry. A factory employing six men would pay about £50 rent a year; a farm employing six men would pay about £150 rent a year; a salmon fishery would pay £1,200 a year in rent. "There is a reason for this difference, and it is an important reason. The right to fish in the river is the raw material of the salmon fishery in exactly the same way as the fields are the raw material of agriculture. The rent of the right to fish in the river is the price that is paid for the raw material. What other industry is rated on the price which it pays for its raw material?"<sup>2</sup>

Lord Douglas of Barloch had suggested that rents could be reduced. "I do not think that this is so. Most of the fisheries

1. This is an interesting and useful explanation of the incidence of a tax on rent. For the same economic reason, a land-value tax is not "passed on" in increased rent or price to tenant or consumer.

2. Rivers and fields are economically similar. Human consent, granted in consideration of a payment, to fish a river, and a field, a section of the earth's surface, are totally dissimilar. ED. L.&L.

August, 1958

#### EVEN THE NORTH SEA IS PRIVATE PROPERTY

"I have a piece of the North Sea, no river at all. The noble Lord, Lord Douglas of Barloch, questioned the right of people to charge a rent for fishing. That piece of the North Sea was bought and paid for, by my great grandfather. My grandfather paid death duties on it, my father paid death duties on it and I paid death duties on it; and not only that, but I also pay the levy to the Dee fisheries."

—VISCOUNT STONEHAVEN, House of Lords, July 15.

are let on long-term leases, as it is." Moreover, out of the rents received, the fishery owner had to pay the fisheries assessment, levied under statutory authority to protect salmon fishing from poaching (the national average throughout Scotland was 4s. 6d. in the £ on the valuation of the fishing), and had to care for the young fish, the hatcheries and the stocking of the river.

#### RENT AND WAGES

LORD LOVAT referred again to the Moray Firth Fisheries, of which he is a director. "The rents we pay for these fishings are very considerable. They actually amounted to £8,300 on a wage bill of £25,000, and we lost money on the deal." It was not the fisherman who caught the fish who made the money—it was the fishmonger and the costly transport undertaking.

Severe weather on exposed coasts made this a hazardous undertaking: "we lose in a single night in gear alone as much as the year's catch." It played an important part in rural life. "Certain stations will close down anyway, while a great many more have asked for an immediate break in their leases in view of this threat hanging over them. Those stations in the Beaulieu Estuary, which covers a twelve-mile stretch of shore, with which I have something to do myself will have to close down; there is absolutely no alternative, so precarious is the difference between profit and loss at the present stage." Salmon fishing was a falling industry. The fisheries had to contend with pollution, hydro-electric schemes,\* and poaching. The Government's proposals would hasten the industry's decline.

#### FOR "LITTLE MEN"

THE EARL OF DUNDEE: "This Amendment is not put forward in the interests of the big people; it is being put forward

\* In the Commons, July 14, Mr. G. M. Thompson, M.P. for Dundee E., mentioned that the House had already discussed a private settlement made by the North of Scotland Hydro-Electric Board with Lord Lovat. "That involved a payment of £100,000 for the loss of fishing rights over eighteen miles of river. I was startled when I heard the figure."

*in the interests of the little men, who depend so much on salmon fishing, either as small industrialists themselves, or as seasonal workers in this industry who must get their employment in the present way of living if life is to go on."*

#### "ENTIRELY FALLACIOUS"

LORD DOUGLAS OF BARLOCH: "My Lords, this discussion reminds one of the controversies which raged some thirty years ago when de-rating was introduced at the instance of Sir Winston Churchill and carried through by the late Neville Chamberlain. It was then argued very strenuously that industries were being handicapped by rates and that if they were not de-rated this country would be in a terrible condition. But, of course, all the evidence of experience is that those arguments were entirely fallacious: de-rating made little difference to industry, and it has made little difference to agriculture.

"The noble Lord who has just spoken [Lord Forbes] has talked of the depopulation of the Highlands. Agriculture has been de-rated in Scotland to the extent of 87½ per cent for the last thirty years or more, and the depopulation of the Highlands has continued. It is quite futile to hope to find a solution of the problem upon the lines of the Amendment which has been moved by the noble Viscount. It rests upon an economic fallacy.

#### MARGINAL?

"Mention has been made of salmon fisheries which, it is said, are marginal. If they are marginal they ought not to be paying any rent at all, and their annual value would be nil; and in that case they would not be paying any rates, either. But we have just been given an illustration of a case in which the rent is some £450, although this is alleged to be a marginal salmon fishery. If the owner of the fishery wants to continue to receive any rent at all for it, and if it is true that the occupier is in the delicate financial position which has been suggested, the remedy is quite clear: the owner should reduce the rent sufficiently to enable the occupier to continue. If that is not done, despite any change in de-rating, the occupier will give up the fishery and the owner will not get any rent.

"In any event, that does not apply in every case. We have been told of cases in which the rent for the fishery is £1,200 a year. If this Amendment is carried, then in those cases in which the rent is very substantial and the fishery is far from being marginal, there will be a total exemption from rates. The owner will be able to require, and obtain, a higher rent for the fishery and the local authority will lose the rates they have been getting."

VISCOUNT COLVILLE OF CULROSS: "My Lords, if the noble Lord will forgive me, may I point out that that is true only so far as that part of the river is concerned. They will still pay 100 per cent on the premises on dry land."

#### EXEMPT CAPITAL

LORD DOUGLAS OF BARLOCH: "Yes, that is the Amendment. Had it been framed in the opposite way, for the purpose of exempting the people who are working the fishery from rates upon the capital expenditure which they make in carrying on the fishery, I should have

had a great deal more sympathy with it. But the Amendment does exactly the opposite. It proposes that all the capital expenditure in providing accessories for carrying on the fishery shall be rated 100 per cent but it is proposed that the opportunity—the river itself—is to be de-rated completely.

"It has been said this afternoon that everybody in Scotland is in favour of this proposal. That is certainly not quite the case. I understand that the Association of County Councils in Scotland are entirely opposed to this proposal, and I am not surprised that they should be. Why should they be required to lose the rates on extremely valuable properties? As to the marginal ones, if they are really marginal the assessments will be small and so will the rates; and if they are reduced somewhat further I do not suppose the local authority will worry about it. But why should they be deprived of rates in respect of properties which are well able to pay? That is no solution at all of this problem. It is not going to help the marginal fishery in the least.

It is merely going to help the owner of the fishery which is far from being marginal."

#### VOLTE FACE

LORD STRATHCLYDE, replying on the debate, said that one could reasonably argue that salmon net fisheries should be classed either as industry or as agriculture. That was the question which had to be decided in the light of industrial re-rating. "From the studies which I have been made on the basis of the information which has been provided in our recent discussions, together with the additional information which has been given this afternoon, I have no doubt in my own mind that the burden of rating in relation to turnover is several times greater on salmon net fisheries than on industry as a whole." He was also influenced by the fact "that additional on-cost arising from re-rating could not be recouped by the operators increasing their selling price, since, as has been said, the market price concerned is, broadly speaking, ruled by imports from other countries." He accepted the Amendment.

## People and Places

### AUSTRALIA

**Rum's the Word!** Large tracts of uranium-rich land in the Northern Territory of Australia are owned by English people—unknown to them. This is revealed by an Australian Government investigation, for compensation purposes, into ownership of the famous Rum jungle "seized" by the Government in 1952. In the 1830's hundreds of parcels of land were given in London to prospective emigrants from England. Most of them never went out to Australia, but their successors still own the land. One claimant to 615 acres, Mrs. Winifred Kean, of Queensland, is demanding £3 million compensation.—*Sunday Express (London), July 20.*

**Speculators' Paradise.** Holidaying in Queensland, Mr. Hugh B. Hoyle, sends a cutting from the *Brisbane Courier-Mail*: "A piece of land bought here [*Surfers' Paradise*] 80 years ago for £22 was sold this week for £20,000. It was owned by Mr. Wm. Emzin, of Cavill Ave. His 66 ft. frontage property and a 33 ft. allotment next door, were sold for approximately £30,000 . . . His grandfather bought three 33ft. allotments about 80 years ago for £11 each. Being a South Sea Islander his purchases were limited to three blocks."

Mr. Hoyle writes: "Yesterday I travelled by long-distance bus through the area, about 30 miles of magnificent natural beaches now a mass of starkly new residences, very expensive hotels,

motels and guest houses. For obvious reasons it is popularly known as the 'Gold Coast'. But, except for land speculators, people lose their gold more quickly than they find it."

### CANADA

**Harry H. Hollins**, now in his 88th year, writing from **Victoria, B.C.**, in June offers these comments on the passing scene: "Canadian Tory government say they want more trade with U.K. Harold Macmillan suggests Anglo-Canadian 'free trade area'. Canada responds by increasing tariff levels. U.S.A. calls the high cost of living a high standard of living. Uneconomic industries are 'protected' and loans are granted and money is given to 'undeveloped' countries to buy U.S. exports produced at inflated costs. Home consumer is taxed to keep the pump primed. I read that a Russian may own his house but not the land it stands on. Are you developing a 'colour problem' over there? Chickens will come home to roost. The coloured man would stay at home if he had any 'rights' there. Who imposed the system of land monopoly on the West Indies?"

Many readers will recall meeting Mr. Hollins at the 7th International Conference at Swanwick in 1949. He reports that he is keeping well and active but that his advanced years impose limitations. Cuttings he sends include two from the *Victoria Daily Colonist*, June 3. One reports that Mr. Robert F. Legget, of the

National Research Council, had told the annual conference of the **Canadian Federation of Mayors and Municipalities** that there was no "miracle" way of reducing the *construction cost* of houses. He said that the time may have come for development of high-density, low-cost housing in some central urban areas, because high land costs and high transportation costs in outskirts-areas ruled out truly low-cost homes. The other cutting provides an answer. It reports that **Mr. George S. Mooney**, executive director of the federation, had taken copies of **Mr. H. Bronson Cowan's *Graphic Summary*** which "indicates that advantages of the 'untaxing of improvements and the taxing of land values' are that holding of vacant land for speculation is discouraged, maximum improvement and use of land is encouraged, and taxpayers are not penalised or 'fined' for improving their property".

The *Graphic Summary* was reviewed in our May and June issues. Copies obtainable from the Robert Schalkenbach Foundation (\$3) or our offices (21s.).

### ENGLAND

**Birmingham.** "We are passionate Free Traders and have distributed many thousands of leaflets in the Birmingham area for various Free Trade organisations," writes **Mr. K. A. Day**, secretary of the Birmingham Radical Association, one of our newest subscribers. "At the last Municipal Elections, three of our senior



members stood as "Free Liberals" (or Independents), and in spite of the fact that this was a Municipal Election our literature dealt only with the benefits of Free Trade and personal liberty. Have you any simple literature dealing with land-value taxation? We would like to make this an issue in next year's local Elections." The B.R.A. is conducting a vigorous press campaign. Mr. Day's address is: 65 Ellen Street, Birmingham, 18.

**London-Australia.** References to Henry George in Tolstoy's writings led **John McGovern**, a young Australian temporarily living in London and an ardent Tolstoyan to write to us two or three years ago. One thing led to another: he devoured George's works, attended classes here, and participated in some of the social activities. In May, he left England a convinced Georgeist, taking his English wife and two youngsters to the little Queensland town of Longreach. **Mr. W. E. Standing** writes from **Perth**: "Two weeks ago your friends John and Jose McGovern came through on *Orontes*. They had not received my letter, promising to meet them, but as soon as I reached the top of the gangway carrying LAND & LIBERTY John spotted me and made himself known. It was a glorious day and I showed them round a bit and gave them morning and afternoon tea at our home. Perth and the view of the Kings Park with the wide expanse of the Swan River is very fine and they declared that it was the most beautiful place they had ever seen." **Mrs. Mary Hutchinson** of **Melbourne** adds: "We met them on the Post Office steps at Elizabeth Street (a good landmark) and spent the Sunday in an endeavour to have them meet as many Georgeists as possible. We drove around the near country for a while and called in for a pleasant time at **Bill Pitt's** place at Bayswater (in sight of the Dandenong Ranges) returning to our home for tea. A few other Georgeists including **Messrs. Halkyard, Morris and Harcourt Bell** joined us. John is certainly very keen and we think that the little old town of Longreach will be getting a bit of a stir-up when he gets going there with his Georgeist ideas. You will let us know about any other friends who may be passing this way, won't you?"

*Our services are always at the disposal of itinerant readers. Friendly, hospitable Georgeists are scattered all over the globe.*

**SOUTH AMERICA.** "Peru . . . is ruled economically and politically by a small group of families. These families are the heirs of the *encomenderos* of the early colonial period who were given vast grants of lands and large numbers of Indians to work them. Through the great wealth thus acquired the families have retained control of almost all phases of Peruvian life."—Robert M. Hallett,

Latin-American Editor of the *Christian Science Monitor* in the January 21, 1957 issue of that paper. **President Eisenhower** at a press conference in May this year said:

"In **Bolivia**, you have the tin problem. In **Peru**, you have the very low current prices of lead, zinc, copper, and so on. And in **Venezuela** on the economic side you have had these rumours that the United States was trying to impose quotas on the oil-producing countries . . ."

Expertly handling these and other extracts from press reports in a recent radio broadcast, **Robert Tideman**, director of the H.G. School in **San Francisco** commented: "Our lead, zinc and oil interests are as concerned as they can be that the prices of these raw materials shall be kept high and are indeed pressing hard for tariffs and import quotas to keep prices up. This is indeed a point of irritation to the similar interests south of the border. It hurts them. Of course it hurts all of us as consumers as well but since consumers as such have almost no political weight, we hear little of that." Free trade between North and South America would greatly benefit both continents "but narrow special interests are strong enough to maintain trade barriers".

If North Americans were really concerned about Communist infiltration in South America, they must face the basic problem of land tenure. "For, admitting all its other weaknesses, Communism does at least offer greater equality in land ownership and this promise cannot fail to appeal to the disinherited . . . **Professor Raymond Crist** of the University of Florida, writing in the *American Journal of Economics and Sociology*, had recently commented on the economic and social effects of building modern highways in the **Near East**:

*'The automobile facilitates the exploration of the countryside by the landlords, who themselves need more and more money for their increasing expenditures. They are able to check up more frequently on their peasants, to squeeze the last penny out of them, and thus to aggravate conditions rather than to improve them.'*

After explaining that the landlords live in the towns, not in the countryside, Professor Crist had written:

*'Almost all the produce of the land, and hand-made articles as well, go in the form of rent to the town, while the reciprocal movement in the other direction is almost nil.'*

"Doesn't that make a pretty picture? Here is a fine new road, paid for by the foreign aid we provided hoping to benefit the needy people in the area. And what do we find? All the trucks coming into the town where the landlords live are full. When the trucks go out of town

they go empty! Shall we give that kind of help to Peru? to Venezuela? where landlordism of the same kind has ruled for centuries? Shall we build them highways? teach them manufacturing? help them to produce more efficiently?"

One hundred and fifty years ago **California** was like Peru and Venezuela are today. The land was held in great Spanish *ranchos* and worked by Indians. "But today California is a magnet drawing population from all over the world. What made the change here? *Something* must have been at work . . . In 1879, when the present Constitution of California was being hammered out, the problem of great landholdings was recognised and debated. Into the Constitution delegates wrote this provision:

*'The holding of large tracts of land, uncultivated and unimproved, by individuals and corporations, is against the public interest, and should be discouraged by all means not inconsistent with the rights of private property.'*

"Henry Larkin, the Constitutional delegate from El Dorado County pointed to the formula that made this policy something more than a pious generality. He said:

*'When you come to assess these large tracts of land at what they are really worth, then they will divide them up into small farms, and that will correct these abuses . . . You will have accomplished a revolution when the Constitution goes into effect.'*

"Up and down the Central Valley, in and around the cities, local bodies were set up to provide public services and were invested with the power to tax the land within their boundaries, and the great estates were broken up. The land had passed from the few to the many. Albert T. Henley, Attorney for the Santa Clara Valley Water Conservation District writing in the May issue of *Western Water News* put it like this:

*'The means of raising money . . . provide a bar to speculation and a spur to the creation of wealth by discouraging idle land.'*

"Note that he said, the means of raising money. Altogether apart from what the people get when they spend money on the public works they want, the mere raising of the money has the effect of stimulating the use of land, increasing employment and raising wages. This is the power that has changed California from a Venezuela or a Peru to what it is. Land-value taxation is the underlying force—the *sine qua non*—which has permitted California to become what it is today."

Concluding, Mr. Tideman said that if North Americans wanted to check communism in South America—or, better, to help the people there—they should send down a few experts from California to help to put land-value taxation into operation.

# The Cultural Tradition and Other Essays

By FRANCIS NEILSON

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IN these days, if a person believes that mankind lives on land and not in a vacuum, that wealth is produced by labour not by politics, and that the basis of all wisdom is common sense, the universal tendency of radio and press might well make him doubt the evidence of his own eyes. And what are considered to be the profoundest modern scholars present the great teachers of the past as if they also would concur in the same protectionist/collectivist insinuation that the time has now passed when the ordinary citizen can be the captain of his own soul; he must obey the direction of the more qualified pilots. The plain man, having to maintain both himself and an immense burden of parasites, cannot at his own expense acquire the knowledge necessary to challenge these scholars on their own ground. This is the task which Mr. Neilson has been performing in England and America for some fifty years, keeping always abreast of the latest currents of thought, and presenting the results in a style worth reading for itself alone.

Mr. Neilson takes culture to mean, not an instrument for ministries and committees but, as Mathew Arnold construed it, the striving for perfection, leading us "to conceive of true human perfection as a *harmonious* perfection, developing all sides of our humanity; and as a *general* perfection, developing all parts of our society."

Mr. Neilson contrasts this idea with the conception of education as a handmaid in the competition for employment, and with the current habit of referring all social questions to the specialist, to the intellectual who has never steeped himself in the seminal fountains of our religion and poetry, "the expert who could not for the life of him give you definitions of fundamental economic

terms." Culture is the active and civilisation the passive element, and a perverted culture—a culture of barbarism—tends to develop at a certain stage of civilisation.

The author traces the line of true culture through the contributions to thought made by Machiavelli—"the permanent member of parliaments"—Locke, Kant, Goethe and Lord Acton. From this he proceeds to consider Communism in its various stages and from several different points, leading to an examination of the various interpretations of "equality of opportunity." In his final essay, on The Gospel of Justice, he collates his earlier conclusions with the philosophy of Henry George. He frequently cites eminent modern thinkers, notably Oswald Spengler; and he puts in sharp relief the Fabian element so often overlooked in professed liberals.

Mr. Neilson is likely to set many readers vigorously re-examining ideas they have too easily accepted. He shows that communism—so feared by Western politicians—is, in any logical interpretation, as impossible in practice as it is false in theory. The Russian system is only state servitude and conditions in the so-called free democracies tend towards this same crude negation of any principle of government.

The thought in these essays cannot be swallowed at a gulp, but each re-reading will give Georgeists further information by which they can identify their philosophy with the deepest current of the stream which has been the impetus of true culture, in all spheres, through the ages. It will probably inspire some of them to further appreciation of many of the great masters of thought.

Our criticism would be that in some passages Mr. Neilson dwells too much on the dark future. Further general decay is, indeed, almost inevitable; but all progress has always started with an infinitesimal minority, and even if we can only somewhat check the tempo of the decline in a bypath we are helping towards ultimate resurrection and progress. Young people, as generous and as intelligent as any in the past, are joining the crusade; and there is joy in the struggle itself: a sense of purpose conspicuously lacking in the barren protests of some individualists who make individualism look like mere petulance.

F.D.P.



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