

of alternative employment; he is offered a wages board instead. Yet what remains for wages is fixed by what is taken in rent by the non-producer. Idle land means idle men and low wages. "The greatest burden on the land is the landowner." Not the improving landowner. He stands to gain by a Tax on Land Values in lieu of the existing practice of taxing him for the benefit of land monopoly. The interest of all lies in a recognition of the common right to share in the communal value of land.

Arbitration and Disarmament.—The Editor of THE NEW LEADER, 12th September, in an article entitled "Arbitrate or Disarm," concludes: "I write tentatively (and here again I speak for a still smaller minority in the Labour Party): it is that I doubt the efficacy alike of arbitration and disarmament to solve the problem of war until we grapple with economic imperialism." If the Labour Party would grapple seriously with land monopoly at home economic imperialism would receive a shock that would damage it beyond repair, here and in all other countries. In land reform is to be found the alternative employment for the hosts of workers now engaged against their will in making the deadly instruments of war; and until that alternative is provided the question of peace will never get much beyond the paper stage at Geneva or elsewhere.

If we are Properly Supported.—Captain Pretyman showed his bellicose spirit at the annual meeting of the Land Union on 2nd July, where he spoke as President. He said that the Union had done a lot of good work, in spite of the fact that "there was no definite proposal for land taxing to fight," a matter he seemed almost to regret, as we do. But he warned his fellow-members that the Labour Government had declared its intentions, and said that if and when the Taxation of Land Values was brought forward, the whole power of the Land Union would be put in to defeat it. "If we are properly supported our case is so unanswerable, and our opponents' case is so miserably weak and so impossible, that either one of two things will happen—either they will be defeated in passing it, or they will be compelled to amend it in the interests of ordinary justice."

Here is a definite challenge, couched in bold words. Who is prepared to meet it? The reply to Captain Pretyman is to see that the United Committee and the Leagues for the Taxation of Land Values are adequately equipped to carry on their campaign, and if we are properly supported we have little to fear in the opposition of these powerful landed interests. The essential thing is to maintain the debate and give every encouragement to all who will come into the open forum of public opinion as defenders of land monopoly.

For 30 years the Liberal Party has been pledged to the rating and taxation of land values. Under the leadership of Sir Henry Campbell-Bannerman, a great land campaign was inaugurated. Mr. Lloyd George was a prominent figure in that campaign. A scheme has now been brought forward for dealing with the questions of mining royalties, mining rights, and the housing question in mining districts, which omits any reference to the declared Liberal policy of rating and taxing land values—a policy without which Mr. Lloyd George has declared all other schemes would be futile. I would venture to ask what the Liberal Party Programme Committee, the General Committee of the National Liberal Federation, and the Party Leaders have to say on the matter? What, for instance, have Sir Donald Maclean and Sir John Simon to say about the shelving of the Land Value Crusade undertaken by them at Huddersfield last summer?—*F. Skirrow in the SHEFFIELD INDEPENDENT.*

THE LIBERATION OF INDUSTRY

By John Sturgis Codman

(Being Chapter IV. of Mr. Codman's "Unemployment and Our Revenue Problem.")*

Involuntary unemployment appears as the outstanding symptom of economic disorder in modern civilization, and it rises, as I have shown, from the general failure to understand that private possession of land and natural resources can be a socially expedient institution only if the rights of the public are protected against monopoly. I have also shown that protection is complete, if those who hold exclusive possession of land or natural resources are required to pay to the community adequate compensation for the privilege; and I have stated that this compensation can be secured through the taxing-power of the State which is at present exercised in such a manner as to foster monopoly and penalize every form of productive effort.

We may appreciate the close connexion between unemployment and our revenue-problem if we stop to consider that the failure of our government to secure revenue from the payment for privileges has driven it into levying intolerable penalties upon industry. So inured to this by custom have most of us become that we actually believe that the collection and spending of governmental revenue must necessarily be destructive of industry and must necessarily raise the cost of living. This is a fundamental error. The collection of revenue, when taxes are levied as payment for privileges, serves to protect industry from the exactions which monopoly is otherwise able to put upon it. Thus a tax levied on the value of the privilege of land-ownership, instead of depressing industry and raising the cost of living, encourages industry by opening up to its use the most favourable opportunities. It preserves competition, lowers costs and reduces the cost of living.

So, also, the spending of governmental revenue should create values greater than the amount of the expenditure. This, unfortunately, is not true of our federal government, which spends most of its revenue in paying for past wars or in preparing for future ones. It is true, however, to a very great extent of our municipalities, which spend large sums in public improvements, especially for the cheapening of transportation; but unfortunately the effect of these improvements is to increase the value of the land-owning privilege, and therefore what the people gain in one direction they lose in higher rents. Here, again an increase in the amount paid for the privilege of land-ownership would turn these publicly-created values into the public treasury.

The confusion of ideas on this subject is particularly well exemplified by the methods of our municipalities in the collection of revenues, and especially in the levying of taxes upon real estate. In fact much of this confusion arises directly from the use of the term "real estate," under which we combine two things utterly different in character; one, the land (representing opportunities) the possession of which is clearly a privilege; and the other, the buildings and other improvements upon the land, which are equally clearly the result of human effort in production. To levy a tax upon the former is to require payment for a privilege. To levy a tax on the latter is to penalize human industry. The first tax is preventive of monopoly; the second is destructive of industry. The failure to recognize these vital distinctions results in a practice which, with a few shining exceptions, is general throughout the United States, namely: the practice of lumping together as property in real estate the value of the land-owning privilege and the value of improvements upon land, and

* B. W. Huebsch, New York. Price \$1. Reprinted by permission.

levying a tax on both together. In some of our States it is even unconstitutional to tax these values at different rates, so complete is the failure to see that land-ownership is a privilege. But recognition of this fact must come, and come soon, or there is grave danger that the forces of discontent, justifiably aroused but blind to causes and to consequences, will drive this country into a bureaucratic tyranny or a bloody and fruitless revolution.

At the present moment a strong and militant minority of these forces of discontent is striving for a complete overthrow of the existing economic order. Apparently without the knowledge that monopoly of land and natural resources does and must lead to monopoly also of wealth and credit, it is demanding nationalization of both land and "the tools of industry" and "the abolition of rent, interest and profit." Although these confused ideas are not finding general acceptance, there is nevertheless a widespread desire to penalize wealth, without regard to its source, by re-enacting the federal excess-profits tax and by increasing the surtaxes of the federal income-tax. Many make no distinction between an Astor, growing rich on the tribute paid by the citizens of New York for the use of Manhattan Island, and a Ford, profiting by means of his great service to the community.

To require heavier payment for the privilege of land-ownership would be to turn a larger proportion of the ground rental of New York, a publicly created value, into the public treasury for the benefit of the whole community, and to make possible the reduction of taxation which cripples business. On the other hand, taxes on the profits of the motor-industry, or any other productive industry, do but discourage business, thus restricting output, increasing costs and prices and aggravating unemployment.

The taxation of profits is economically unsound. In so far as profits are the result of service to the community, a tax upon them discourages enterprise and industry and is therefore contrary to the public interest. But in so far as profits are the result of monopolistic control they can be curtailed or destroyed by the direct taxation of opportunity as represented by the ownership of land and natural resources. Thus, if the United States Steel Corporation is enjoying monopoly profits through its control of ore beds, taxation of these natural resources will put an end to the Corporation's ability to withhold them from use and thus restrict output. It will be obliged to operate these beds or to release them to others who will then be competitors. But taxation of the operations of the Steel Corporation, or taxation of its profits without regard to source, will restrict its operations and add to the cost of steel.

So also with the coal-mines. To-day the low taxes on the opportunity represented by their ownership make it possible, and in fact act as an inducement, to let the mines lie idle, thus restricting output and holding up the price of coal, while the taxes on operation penalize mining. The State of Pennsylvania levies a tax on each ton of anthracite mined in the State, which tax is wholly pernicious, adding directly to price and discouraging mining. If such taxes as these were abolished, and increased taxes were levied on the privilege of ownership of mines, it would be profitable to mine more coal. The best mines, therefore, would be in full operation; there would be more men employed; there would be higher wages, few strikes and cheaper coal.

"Big business" dominates the industry of the country only through its control of natural resources—mines, oil-fields, water power, etc.—but the great majority of corporations and individuals employing labour are not a part of "big business" and have no such monopoly, and it is a mistake to suppose that their interests are antagonistic to those of the wage-earners. Most of them, however, are so oppressed by the

unjustifiable exactions and restrictions of privilege and government that they are often obliged to oppose the perfectly justifiable demands of the wage-earners for decent wages and constant employment. Yet it is now proposed to penalize industry still further by forcing upon employers the expense of unemployment insurance, or—what is even more foolish—by requiring them to pay wages to those whom they lay off.

Employers and wage-earners alike are vitally interested in unhampered business, and should co-operate to remove taxes and other governmental restrictions upon it. More important still, they should co-operate to secure from the holders of opportunity adequate payment for their privileges. Only thus can industry be freed from the obstruction of monopoly, and only thus will it become possible in the future to secure revenue for government without penalizing industry by taxation.

IN CRAZYLAND, ON THE LOONEY PIKE

Have you ever been to Crazyland, down on the Looney Pike ?

There are the queerest people there ; you never saw the like.

The ones who do the useful work are poor as poor can be, While those who do no useful work all live in luxury.

They raise so much in Crazyland, of food and clothes and such,

That those who work have not enough, because they raise so much.

The children starve in Crazyland, to satisfy the greed Of plunder-sharks who only live to loaf around and feed. They work young girls in Crazyland upon starvation pay ; And then they brand them when through want the victims go astray.

They outrage working women, and they starve the working men ;

And if these steal a loaf of bread, they land them in the pen.

They breed disease in Crazyland ; there are microbes everywhere,

In poisoned food, polluted earth, and foul and fetid air. Most babies die in Crazyland from germs of filth and swill, And preachers down in Crazyland proclaim it is God's will ;

For everything in Crazyland that ought to be abhorred, The crimes which men commit themselves, are laid upon the Lord.

The greatest god in Crazyland is Mammon, god of gold ; The crazy way they worship him amazes to behold.

They have big wars in Crazyland ; they fight to beat the band,

And slaughter for their crazy gold and love of Crazyland. The prophets down in Crazyland, they crucify and stone ; In pulpits they put hypocrites, seat tyrants on the throne.

The robber class in Crazyland makes every crazy law, And runs the crazy system with club and fang and claw. And if a sane man cries against their crazy ways and deeds,

The crazy priests and rulers yell, "He's bursting up our creeds !"

Just take a trip to Crazyland, down on the Looney Pike ; You'll find the queerest people there ; you never saw the like.

They're wrong-side-to in Crazyland ; they're up-side-down with care ;

They walk around upon their heads with feet up in the air.

—AUTHOR UNKNOWN. Reprinted from THE GOLDEN AGE, Brooklyn, N.Y.