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THE LAND QUESTION

Those who have read Professor Geiger's masterly and standard work *The Philosophy of Henry George* will turn with interest to his latest volume (*The Theory of the Land Question*. The Macmillan Company. New York, 1936. Price \$2.) It is high time that the phrase, the land question, should be rescued from the obscurity into which it has tended to sink in recent times. One reason for its falling out of fashion is the obstinate tendency of economists and others to think of land merely in terms of agriculture. Another is the inclination in the discussion of social problems to assume that the primary problem arises out of modern industrial technique—hence the ubiquitous word "capitalism" with its undefined variety of meaning.

Professor Geiger rightly chides the economists for their failure to recognize the place of land in human affairs. "There are books and books on economics, every week a new batch. In how many of them will you find the word 'land' mentioned in the indexes?" He recalls Chesterton's remark that "our urban populations have virtually forgotten that we all live on the land." It may not be out of place to quote some passages:

"In its most legitimate sense land is all of man's natural environment. . . . Land must be taken as synonymous with the earth. And the earth does not mean simply farms and plantations, fertile prairies and great ploughed lands. It means also mines, forests, all 'natural resources' . . . it includes factory sites, building lots, transportation rights of way—in a word the very bases of production." He remarks that the economic production of wealth is not the making of anything completely new. It is the extraction and conversion of what nature has provided to fit it to satisfy human needs. "Land is as significant a factor in the dimension of the most highly organized urban industrial economy as in that of farming; it performs a basic function in the production and distribution of all wealth. Unless that fact is clearly grasped we have not progressed very far beyond the Physiocratic restriction of genuine productive enterprise to agriculture and allied pursuits."

This phase of the argument is reinforced by an examination of the census returns, and an easy demonstration that the majority of the population are engaged in occupations which are directly dependent on land, while the rest are engaged at a few removes in working upon what these have produced or rendering those personal services which in the division of labour are still an adjunct to the productive process.

The next chapter is devoted to land value. The

earlier pages of this, as the author himself admits, may be skipped by those who are not deeply interested in philosophical distinctions, for it makes really very little difference what theory of value is adopted. The one point of importance is the attempt made by certain present-day economists to belittle the importance of the land question by arguing that all values are social values and that therefore there is no difference between the value of land and that of other things, with very often an insinuation that there is therefore no difference between land and other things. As Professor Geiger observes: "To state that all value depends on social forces is either a truism or a tautology; it is saying no more than that where there is society there is demand." Such a statement gets us no further. Value as an abstract idea may be incapable of subdivision, just as is the abstract idea of colour, but there is a great deal of difference between a black sheep and a black tiger. We are entitled to consider the difference between land and other things, and how the value of each is affected by the actual conditions of social life; and in particular we are entitled to consider what are the effects of allowing the value of land to be privately appropriated and what would be the effect of it being taken for the benefit of the whole community. Immediately that discussion is pursued, it becomes evident that there are important practical distinctions between the concrete phenomena of value in relation to land and in relation to other things, however much it may be true that value in the abstract (whatever that may be!) is one and indivisible.

Land and Capital

A similar tendency on the part of some recent economists is the attempt to deny any distinction between land and capital. One way in which that is done is to define capital "as the market value expression of individual claims to incomes, whether they have their sources in the technical uses of wealth or elsewhere" (Professor Fetter in *The Encyclopædia of the Social Sciences*). Thus capital is dissociated from material objects, and becomes the money value of certain legal rights. Pursuing this classification we see that in a society which recognized slavery, the value of the slaves would be capital. It is of course open to any writer to define his terms as he pleases, but we are still entitled to ask whether the classification has any scientific value and whether it enables us to reach conclusions of any utility. To revert to the previous illustration: It may be formally correct to place a black sheep and a black tiger in the same category because of their colour, but it would certainly be wrong to conclude that they would both serve a useful purpose in the farmyard.

Land and capital (in the sense of produced means of production) are entirely different. "Land is a given, static element which can neither be increased nor decreased to any significant extent by the efforts of man, i.e., of labour. Unlike capital, land is not subject to production or reproduction; it cannot be duplicated." The consequences of the distinction between the two is of the highest importance. Everyone recognizes the tendency for land values to increase relatively to the values of other things, because the supply of one can be increased but not the supply of the other.

The confusion becomes worse confounded when the word capitalism occurs. Karl Marx had already started the confusion when he said that capital was not a thing but a social relationship between persons brought about through the instrumentality of things, though most of those who believe themselves his followers think of capital as things. It is hardly surprising therefore that

capitalism is now used as a synonym for anything that the speaker considers objectionable in present-day society. Marx himself said that "the expropriation of the mass of the people from the soil forms the basis of the capitalist mode of production." Indeed, he emphasized that the monopoly of landed property was not only the historical premise "but remains the basis of the capitalist mode of production." It was in logical line with this for him to say: "The nationalization of the land will bring about a complete change in the relations between labour and capital and will result in the final end of capitalist production, both industrial and agricultural."

To confuse land and capital is not merely to prevent the logical analysis of social problems, it is to prevent a rational approach to their solution.

We may pass over the chapter in which Professor Geiger deals with "Historical Aspects of the Land Question" although this is by far the longest in the book. This is not to say that it has not a certain degree of interest and indeed of importance. Lessons of value may be derived especially from the history of developed societies such as that of Rome, but the fact is that those primitive societies which had some machinery for preserving equal rights to land did not develop the technique of doing so required under modern conditions.

Socialization of Land Rent

Professor Geiger then deals with the "Socialization of Land Rent through Taxation." The phrase is in many ways a good one. It is also important to make the point that land value taxation is "an instrument of social and economic change" and not merely a fiscal reform. No one, unfortunately, has been able to coin a word, or a short phrase, which adequately suggests all the connotations of the proposal. The term "single tax" has the merits of conciseness, and implies the abolition of all other taxes, but it tends to deflect attention to the altogether secondary question of the sufficiency of land value taxation to yield the revenue required. Excellent arguments can be advanced to show that it would be sufficient, and in the United States statistics have been exhibited to confirm the theoretical considerations. If, however, someone could demonstrate that land value taxation would not yield all the revenue required, that would be no argument against land value taxation as a social reform nor as a means of taxation.

Another side issue which distracts attention from fundamentals is whether land value taxation is "socialism" or "individualism." But "socialism" may mean almost anything in present day talk; it varies as do the mouths that utter it. . . . And 'individualism'? There is almost nothing that does not bask in its all-embracing gaze. It looks on the most blatant reactionary and the sincerest liberal with equanimity."

A problem which is related to the foregoing is the effect of land value taxation on property rights. Its opponents cry out that it will destroy property rights, thereby trying to excite all the possessive instincts which cling round the idea of property and to enlist the small home owner or farmer in the same camp as the large landowner. Here again a large part of the controversy arises from the vague and shifting ideas attached to the word property. The ultimate object of the reform is to establish equal rights to the use of the earth. In that sense the object is to equalize and strengthen the right to property. What land value taxation will destroy is not so much property as privi-

lege—the power of some men to charge others for the means to life.

Land Speculation

Before taking leave of Professor Geiger's book, it may be well to draw attention to the passages dealing with land speculation. Impressive statistics are given showing the enormous quantities of vacant land, held for high prices. In most urban communities it is said that for every lot in use there is another lot vacant. An article in the *American Economic Review* (March, 1933) is quoted as saying: "Real estate, real estate securities, and real estate affiliations in some form have been the largest single factor in the failure of the 4,800 banks that have closed their doors in the past three years, and in the 'frozen' conditions of a large proportion of the banks whose doors are still open. . . . As the facts of our banking history of the past three years come to light more and more, it becomes increasingly apparent that our banking collapse during the present depression has been largely a real estate collapse." It would be hard to find a more striking illustration of Henry George's argument as to the primary part played by land speculation in the causation of economic crises.

Although the reviewer feels that this book is in places a little encumbered by abstract philosophical discussions, Professor Geiger may be congratulated on making a useful and welcome contribution to the literature of the land question.

F. C. R. D.

THE RISE IN THE COST OF LIVING

Figures issued by the *Board of Trade Journal* for 13th May, 1937, and the *May Ministry of Labour Gazette* show that the rise in the cost of living which has been continuous since 1933 is still proceeding.

The average level of wholesale prices in April, 1937, states the *Board of Trade Journal*, was 1.5 per cent higher than in March. Wholesale food prices since April, 1936, have advanced by about 15½ per cent and industrial materials and manufactures by nearly 20 per cent. As the *Ministry of Labour Gazette* shows, this rise in wholesale prices has been accompanied by a substantial increase in retail prices, whilst there has been no corresponding increase in wages and salaries.

At 1st May, 1937, the average level of retail prices of the commodities taken into account in the statistics compiled by the Ministry of Labour (including food, rent, clothing, fuel and light and miscellaneous items) was approximately 52 per cent above the level of July, 1914, as compared with 51 per cent at 1st April and 44 per cent at 1st May, 1936. For food only, the corresponding percentage increases were 36 (May, 1937); 35 (April, 1937); and 25 (May, 1936).

The cost of living above the level of July, 1914, has risen from 36 in May, 1933, to 52 in May, 1937—an increase of 16 per cent. During the same period the cost of food alone has risen from 14 per cent above the 1914 level to 36 per cent—an increase of 22 per cent.

At the annual meeting of the Agricultural Mortgage Corporation on 16th April, the chairman, Sir Harry Goschen, said: "There are definite signs that the values of agricultural holdings generally are rising, and sound dairy farms with good homesteads are in demand, while medium-sized holdings well-placed for markets, and for obtaining labour, are showing a steady upward tendency."

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