



LAND & LIBERTY

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"THE UNITED STATES OF EUROPE"

Recent months have seen some notable advances towards laying the peace of the world on firmer foundations, but this progress has been largely in the diplomatic sphere and touching the formalities of international relations. There is not so much to record regarding the elimination of the economic maladjustments which are the underlying and powerful menace to world peace, though references were made at the meetings of the League of Nations at Geneva to the desirability of reducing the tariff barriers between the nations.

It is suggested that M. Briand's idea of the United States of Europe also involves the reduction of tariffs. It is indeed difficult to see how in any real sense a United States of Europe can exist while each State maintains a customs wall against the other. On the other hand, if the proposal involves that the nations of Europe shall form one customs union with tariffs against the rest of the world, we see the gravest objections to it. It would tend to divide the world into antagonistic federations, and it is already being suggested that the proposal is directed against the United States of America. It would also involve the surrender by each nation of a most vital part of its sovereign power, for the power of raising customs revenue would have to be vested in the confederation. It is evident that, if there were no internal tariffs between the States, they would be obliged either to levy no customs duties at all or else agree to levy them at the same rate, otherwise the whole of the importation from the rest of the world would take place through that country which had the lowest tariff. To levy a tariff at a common rate would almost inevitably involve that these countries which are nearest to a free trade basis would be obliged to increase their tariffs, and would be correspondingly injured. It is true that as far as Europe as a whole is concerned the evils of the present position might be somewhat mitigated by the high tariff countries being drawn into a wider union with no internal tariff and an external tariff lower than that which

they had been accustomed to levy. This would certainly be an advantage to them, but an advantage which would be gained by penalizing the low-tariff countries.

The position of Great Britain would be particularly anomalous, for she would be drawn into a protectionist union which would exclude not only the largest English-speaking nation in the world, but also the British colonies. It is hardly surprising therefore that the British delegate, Mr. Graham, made the much more modest but more practicable suggestion that the nations should agree not to make any increase in their tariffs for a space of two years. This is in line with, but even more timid than, the conclusion of the world economic conference of two years ago that tariffs had been raised too high and that the time had definitely arrived when a move should be made in the opposite direction. Commenting on Mr. Graham's proposal, Dr. Stresemann (by whose untimely death the cause of European peace has lost a great protagonist) stated quite emphatically the view that progress should be made towards free trade. It is only upon a basis of free trade that a United States of Europe can be built, but the obstacles to free trade in the present state of economic thought are very great.

Tariffs supply a large part of the revenue of every nation, even of those whose policy is least protectionist. To reduce or abolish tariffs necessitates a corresponding revenue from other sources. But the other means of raising revenue commonly in use are almost as unfair in their incidence and as injurious to the industrial economy of nations as is the tariff, though probably not quite so injurious to their international relations. There is therefore little incentive to agitate for tariff reduction except among those who recognize the justice and the expediency of taking land values for public revenue.

The vested interests who benefit by the existence of tariffs naturally use their great influence and power to maintain them. An even greater obstacle to tariff reduction is the still widespread faith in protection as a means of benefiting industry and improving the position of the workers. Manufacturers generally are inclined to this view. The workers also are disposed to it, for finding their wages cut down by the competition of the unemployed, they fear that free trade will increase that competition. The arguments in favour of tariff reduction as a factor making for world peace, though real and readily enough appreciated, do not make sufficiently direct and individual appeal to overcome the promise of personal gain which is the main argument of the protectionist.

The only argument which is powerful enough to ensure a real and lasting change of opinion is to show that real free trade involves not merely the breaking down of tariff barriers, but also the breaking down of the barriers of monopoly which are depriving men of the use of the natural resources of their country and thereby condemning them to idleness, to enforced competition, and to poverty. When it is understood that unemployment and poverty are due to land monopoly, and that land monopoly in its turn is strengthened by the tariff system,

sufficient driving force will be available to enable a real policy of free trade to be carried out, resulting in the replacement of tariff taxation by the taxation of land values. The nation that adopts this policy will be able to sweep away not only its protective tariff, but also all purely revenue duties. It will apply to those who hold land out of use a pressure which will compel them to allow it to be used. It will thereby make free for its citizens the opportunity of employing themselves remuneratively and producing wealth. It will thus destroy the fear of foreign competition which is the basis of the tariff system and one of the factors undermining the peace of the world.

We may hope that the Government of this country, which has done so much for the other aspects of world peace, will ere long show the world some positive achievement in the economic field.

F. C. R. D.

BARGAINING FOR EMPLOYMENT

There are two main avenues which lead towards industrial prosperity. One is increased home production, and the other is an ever-widening market for the exchange of commodities. This reflection arrives as we read the narrative related by the Right Hon. J. H. Thomas, M.P. His colleagues of the Labour Party appear not to have been very much impressed by the recital of his accomplishments, and it is doubtful if many in that audience, or in the greater number outside, cherish high hopes as regards the outcome of his mission to Canada. It all sounds so commonplace—deliberately so, if we may be allowed to interpret some hints uttered in the business-like tone of the Chamber of Commerce or the Stock Exchange. To paraphrase: Rome was not built in a day; unemployment is a problem of long standing; more women are in employment to-day than before the war; population has increased; machinery has multiplied; and there is no short road to prosperity. The glamour of Empire was in the alleged solution. We had helped Canada with orders; let Canada be grateful and help us. Just how much more or less we might expect of the same sort from Whig or Tory we do not pause to consider.

The administrator has his function to perform. His concern is not with individual orders, but with trade and commerce as a whole. Unlike the commercial traveller, he has the interests of a whole community and not the interests of individuals or groups to consider. Representatives of firms have the duty of finding orders to keep the workers for their own firms in employment. That is their every-day, work-a-day individual responsibility. The consequences which follow the orders they obtain are matters of wider significance. It may be that such orders employ one group of workers by depriving another group of employment. As a citizen the commercial traveller may give passing, or much, thought to such questions, but his individual duty urges him to concentrate the bulk of his energies on matters relevant to himself and the people most closely associated with him. It seems an abuse of statesmanship to copy his methods when seeking a solution of wider problems, hence

we stifle a yawn as we visualize the sample cargoes of coal and the steel bars carried over to impress commercial magnates on the other side of the Atlantic Ocean.

Critics of the Empire commercial traveller were inclined to remind him that production was not so much the problem as consumption. Such production as we have now is not swept into the net of the general consumer. Much of it has a halting way in the distribution, and some of the more perishable commodities return to Nature ere reaching the consumer. Purchasing power is lopsided; some people appear to have too much and other people too little. The luxury trades do not appear to languish. Motor cars, furs, jewellery, gramophones, wireless instruments, silk garments and amusements all seem to maintain a good clientele. Farming languishes; coal mining is at a low ebb; house building could be accelerated; shipbuilding is not too busy an occupation; cotton is heavily hit, and the woollen industry could stand to be much more prosperous. Mention might also be made of hats as well as boots and shoes. These are certainly not over-produced, and a lot more could be consumed if only there were effective demand and more widely distributed purchasing power.

Time and place are great considerations in all discussions. Employment is scarce now, but the signs are good, say the politicians when in power. The same politicians in opposition usually bewail the signs of the times. We cannot find you employment here, say the administrators, but we will help you to find your way overseas is the expression of a modern policy. Matters will look different next February, for we have set aside ten million pounds for one type of road, and eight million pounds for another type. In the light of cold facts which we are asked to consider, that means—if it eventuates—employment for seventy-two thousand people, and we have learned to think of unemployment by the million. Next February we may be getting orders for coal and steel which are now going to America. If the consummation of that idea fulfils all the anticipated implications (as it will not do), we will be more and America will be less prosperous. The argument is fallacious in as much as it follows commercial or business economy and not political economy. It argues from the particular to the general and falsifies its conclusions. Statesmanship gets lost in salesmanship and high hopes are born only to be blasted. It is in the interest of world peace that no such thing can happen, for we could hardly expect to remain neighbourly and friendly with America if the building up of our prosperity meant loss of trade to it.

We have the dictum of a leading financial authority to the effect that every loan which is granted extends credit. Obviously he means credit instruments. Such loans put money into circulation and call forth the aid of capital in production. There is a way by which real credit can be enlarged and that is by increased production. Before we can approach that ideal we have to broaden out opportunities for production. We have to make use of the raw materials which lie ready to our