

LAND & LIBERTY

(Incorporating "LAND VALUES.")

Twenty-sixth Year. (Established June, 1894.)

Monthly 2d. By Post 3s. per annum.

(United States and Canada, 75 cents.)

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Here are two simple principles, both of which are self-evident:

I.—That all men have equal rights to the use and enjoyment of the elements provided by Nature.

II.—That each man has an exclusive right to the use and enjoyment of what is produced by his own labour.

There is no conflict between these principles. On the contrary, they are correlative. To secure fully the individual right of property in the produce of labour, we must treat the elements of Nature as common property.—*Henry George*: "*Protection or Free Trade*," chapter 26.

THE VICIOUS CIRCLE

The papers which Mr. Chamberlain has now presented to Parliament certainly support the alarmist tenor of his August speech. He estimated for a revenue of £1,201,000,000 in presenting his Budget and an expenditure of £1,451,000,000. The revised estimate reduces the revenue for the year by 32 millions and increases the expenditure by 191 millions. The estimated deficit of 250 millions is thus increased to 473 millions.

Mr. Chamberlain of course lays stress upon the fact that conditions at present are abnormal. Unfortunately the failure to balance accounts in the present year means that normal years will be burdened with a still greater burden of debt than ever, in spite of the sales of surplus stores being brought into the accounts of this year as revenue instead of being used to reduce the debt. The result therefore is that starting the war with national liabilities of 710 millions we have at the present moment a debt of 7,834 millions, and will have at the end of the financial year a debt of eight thousand millions.

In spite of all this and in spite of his August statement that to continue spending at the rate we are spending now "would lead us straight to national bankruptcy," Mr. Chamberlain is now the optimist of optimists, backed in this forced cheerfulness by the Prime Minister and Mr. Churchill. He promises that in a "normal year" the revenue will almost balance the expenditure, without recourse to further taxation—meaning by this that the amount of taxation remains the same though the sources of it may vary. This method of calculation ingeniously avoids the question of what new taxation is to be imposed to replace the Excess Profits Duty. It also ignores the necessity of reducing the debt more rapidly and curtailing the inflation which is one cause of the continued high level of prices.

Being in possession of the field the Chancellor of the Exchequer perhaps does not feel obliged to disclose his future policy, if he has one. The critics of the Government on the other hand are under some obligation to suggest an alternative policy. Sir Donald Maclean and Mr. Asquith, beyond talking in general terms of reduction of expenditure, and giving a half-hearted blessing to the idea of a special levy on war-made fortunes, have nothing to offer but the suggestion of a Committee of Inquiry into the proposal for a general levy on capital. The Labour Party have more boldly committed themselves to the project of a levy on capital, in which they have found support in such an unlooked-for quarter as the Chairman of Cammell, Laird & Co.

Nowhere is any clarity of thought to be found on financial questions. The Prime Minister talks in the abstract of increasing production, but in the concrete he gives his blessing to the landlords, who are the greatest obstacle to production. "They at any rate have not been a profiteering class. Rents are substantially the same in spite of the increased cost of living." Mr. Smillie was nearer the mark when he said that if there was one class more than another which had profited during the war it was the farming class. Already he understood that many landlords were anxious to give holders of such land notice to quit and they would probably let that land go to waste again. At the present time where leases were running out farmers were offering 100 and 200 per cent more rent for farms. In other words the only reason why the landlords have not profited to a large extent during the war is because they have not had time and opportunity to extract the profits out of the pockets of the farmers.

It would be worth while for Mr. Smillie's colleague (Mr. Hodges) to study this case as suggesting the cause of the vicious circle. "There is no doubt," says Mr. Hodges, "that we are in a vicious circle. Wages travel after prices. They have not caught the prices up." Mr. Hodges apparently is unable to see the continuously increasing drain on and restriction of production caused by the increase of rent, a phenomenon which is quite sufficient to explain why wages do not catch up with prices.

Let us take another illustration from the building industry. The rents of houses in existence in 1914 are stereotyped by the Rents Restriction Act. New

houses may be let at what rent the landlord can obtain. The price of new houses is two or three times the pre-war price. If the rents of the new houses were not increased correspondingly, it would not pay to build and the shortage of housing accommodation would become greater and greater. Nor is the difficulty evaded by municipalities building houses to let at less than will repay the cost, for in the long run the difference will have to be paid out of the rates or taxes. Here is another example of the vicious circle and of the failure of *ad hoc* legislation.

It does not occur to the leaders of political thought that the real way to break through the vicious circle is to attack it from the side of reducing real costs. This can only be done by increasing the available supply of natural resources, thus enabling the production of raw materials to be increased and cheapened. It ought to be a maxim of political science that no decrease of prices, other things being equal, can be obtained without an increase of supply. In any apparent exception to this rule it will be found that the cost of some other article has increased by way of compensation, the cost of taxation, for instance, as in the case just now outlined. It ought to be a second and equally important maxim that no increase of supply can be obtained without an increased use of land which is the ultimate source of all production. It follows, therefore, that if land is held out of use supply will be restricted, prices will be high, there will be a restricted demand for labour and labour will be cheap.

The idea that high wages necessarily involve high prices is a fallacy. The contrary alone is true: a real increase of wages can only come from an increase of production which inevitably implies a decrease of prices. We neglect for the moment the addition to wages which would occur from the diversion of the drain of rent from the treasure chests of the landlords to the public exchequer. This, though highly important, is an incident rather than the main purpose of our policy. The chief object is to increase production, increase the demand for and the wages of labour, and decrease prices.

There is any amount of platform appeals and Press propaganda for increasing production. But mere talking will not do it; Corn Production Acts will not do it, Rent Restriction Acts will not do it. Nothing will do it so long as the landlords remain in undisputed possession and mastery of the whole field of effort and production.

The Capital Levy, however useful it may be for sweeping away the war debt, is also useless for effecting a radical alteration in the conditions of labour. We are glad to see that the London Labour Party on the morning of the municipal elections has at last withdrawn its expressed opposition to the rating of land values, and invites the public to vote for "full rating of land and no dodgery." We trust that this is the forerunner of a renewed agitation on the part of local authorities for powers to rate land values. If the National Labour Party will also give due prominence to that part of their programme which demands the taxation of land values, something radical may yet be done to diminish prices and increase wages. Otherwise, what remains but the vicious circle?

F. C. R. D.

(Continued from page 253)

REV. DR. SCOTT LIDGETT (Progressive leader: Rotherhithe) said that there were not the reasons, but merely the occasion, for bringing forward, seven years ago, a motion that embodied the settled policy of the Progressive Party. Although the Government of 1912 is gone, the reasons for the taxation of land values are still alive. His party would vote for either the original or the amended resolution.

MR. R. C. NORMAN (Mod., Chelsea) maintained that it was unfair of Mr. Headlam to keep a motion on the paper for seven years, and then to alter it to something different. The taxation of land values was an extremely complicated and technical question. Probably no one now accepted Henry George's teachings except Mr. Headlam. He would not discuss the question on its merits, because it was an abuse of the procedure of the Council to ask them to deal with a matter of this sort by a mere resolution. Mr. Headlam's motion would lead to a congestion of houses in and around London.

MR. P. A. HARRIS (Prog., Bethnal Green N.E.) pointed out that the delay had been entirely due to the obstruction tactics of Mr. Norman and his friends. Manchester, Glasgow, Liverpool, etc., had repeatedly passed Resolutions in favour of imposing rates on land values. He saw in "unimproved land value" a means of relieving the ratepayers' burdens. We were on the eve of the Municipal Elections, and there could be no more proper occasion than the present for bringing forward such a motion.

MR. J. P. BLAKE (Prog., Islington E.) denounced the persistent obstruction which was the policy of the majority on the Council. They acted merely as a brake on the wheel of progress. This was a dangerous policy in these days of revolutionary feeling.

DR. HADEN GUEST (Labour: Woolwich E.) said that two essential facts had not disappeared in the last seven years, viz., the existence of land, and the existence of landlords. The municipal statesmen of the Metropolis are precisely the people who should be competent to express an opinion on such a question. As a practical instalment, he supported the rating of land values. No one could suffer except the owners of vacant land. This is a vote on the question, Shall we pay, or the owners of land values?

On a division the amendment was *lost* (46 to 62).

MR. W. C. JOHNSON quoted a Municipal Reform leaflet which put forward as part of the Moderate Programme—"Firstly, that London shall receive its share of the land taxes of which Mr. Lloyd George has hitherto wrongfully deprived the ratepayers."

MR. C. G. AMMON (Labour: Camberwell N.) said that if the Council were in earnest about their Housing Schemes they would vote for the motion, which would make a very considerable difference to the cost of the houses.

The original motion was *lost* (46 to 61) on a second division

F. V.

BIRMINGHAM CITY COUNCIL AND SYDNEY RATING

At a meeting of the City Council held on October 7th, Mr. Tiptaft moved an amendment to the report of the Finance Committee requesting the Committee, in view of the tendency of expenditure to increase, involving addition to the rates, to inquire into the form of rating at Sydney, New South Wales, and present a report thereon to the Council.

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