



## LAND & LIBERTY

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### THE REAL STRENGTH OF PROTECTION

In the destruction of political tyranny and the removal of trade restrictions ardent and generous spirits saw the emancipation of labour and the eradication of chronic poverty, and there was a confident belief that the industrial inventions and discoveries of the new era which the world had entered would elevate society from its very foundations. The natural assumption that increase in the general wealth must mean a general improvement in the condition of the people was then confidently made.

But disappointment after disappointment has chilled these hopes, and, just as faith in mere republicanism has weakened, so the power of the appeal that free traders make to the masses has weakened with the decline of the belief that mere increase in the power of production will increase the rewards of labour. Instead of the abolition of protection in Great Britain being followed, as was expected, by the overthrow of protection everywhere, it is not only stronger throughout the civilized world than it was then, but is again raising its head in Great Britain.

It is useless to tell working-men that increase in the general wealth means improvement in their condition. They know by experience that this is not true.

The man of superior powers and opportunities may hope to count his millions where a generation ago he could have hoped to count his tens of thousands; but to the ordinary man the chances of failure are greater, the fear of want more pressing. It is harder for the average man to become his own employer, to provide for a family and to guard against contingencies. The anxieties attendant on the fear of losing employment are becoming greater and greater, and the fate of him who falls from his place more direful.

The truth is, that the fallacies of protection

draw their real strength from a great fact, which is to them as the earth was to the fabled Antæus, so that they are beaten down only to spring up again. This fact is one which neither side in the controversy endeavours to explain—which free traders quietly ignore and protectionists quietly utilize; but which is of all social facts most obvious and important to the working classes—the fact that as soon, at least, as a certain stage of social development is reached, there are more labourers seeking employment than can find it—a surplus which at recurring periods of industrial depression becomes very large. Thus the opportunity of work comes to be regarded as a privilege, and work itself to be deemed in common thought a good.

Here, and not in the laboured arguments which its advocates make, or in the power of the special interests which it enlists, lies the real strength of protection. Beneath all the mental habits disposing men to accept the fallacies of protection lies one still more important—the habit ingrained in thought and speech of looking upon work as a boon.

Those who imagine that they can overcome the popular leaning to protection by pointing out that protective tariffs make necessary more work to obtain the same result, ignore the fact that in all civilized countries that have reached a certain stage of development the majority of the people are unable to employ themselves, and, unless they find some one to give them work, are helpless, and, hence, are accustomed to regard work as a thing to be desired in itself, and anything which makes more work as a benefit, not an injury.

Here is the rock against which "free traders" whose ideas of reform go no further than "a tariff for revenue only" waste their strength when they demonstrate that the effect of protection is to increase work without increasing wealth.

The reason why the abolition of protection, greatly as it would increase the production of wealth, can accomplish no permanent benefit for the labouring-class, is, that so long as the land on which all must live is made the property of some, increase of productive power can only increase the tribute which those who own the land can demand for its use. So long as land is held to be the individual property of but a portion of its inhabitants no possible increase of productive power, even if it went to the length of abolishing the necessity of labour, and no imaginable increase of wealth, even though it poured down from heaven or gushed up from the bowels of the earth, could improve the condition of those who possess only the power to labour. The greatest imaginable increase of wealth could only intensify in the greatest imaginable degree the phenomena which we are familiar with as "over-production"—could only reduce the labouring class to universal pauperism.

The mere substitution of a revenue tariff for a protective tariff is such a lame and timorous application of the free-trade principle that it is a misnomer to speak of it as free trade. A revenue tariff is only a somewhat milder restriction on trade than a protective tariff.

Free trade, in its true meaning, requires not merely the abolition of protection but the sweeping

away of all tariffs—the abolition of all restrictions (save those imposed in the interests of public health or morals) on the bringing of things into a country or the carrying of things out of a country.

But free trade cannot logically stop with the abolition of custom-houses. It applies as well to domestic as to foreign trade, and in its true sense requires the abolition of all internal taxes that fall on buying, selling, transporting or exchanging, on the making of any transaction or the carrying on of any business, save of course where the motive of the tax is public safety, health or morals.

Trade is a mode of production, and the freeing of trade is beneficial because it is a freeing of production. For the same reason, therefore, that we ought not to tax anyone for adding to the wealth of a country by bringing valuable things into it we ought not to tax anyone for adding to the wealth of a country by producing within that country valuable things. Thus the principle of free trade requires that we should not merely abolish all indirect taxes, but that we should abolish as well all direct taxes on things that are the produce of labour; that we should, in short, give full play to the natural stimulus to production—the possession and enjoyment of the things produced—by imposing no tax whatever upon the production, accumulation or possession of wealth (*i.e.*, things produced by labour), leaving every one free to make, exchange, give, spend or bequeath.

A tax on land values is of all taxes that which best fulfils every requirement of a perfect tax. As land cannot be hidden or carried off, a tax on land values can be assessed with more certainty and can be collected with greater ease and less expense than any other tax, while it does not in the slightest degree check production or lessen its incentive. It is, in fact, a tax only in form, being in nature a rent—a taking for the use of the community of a value that arises not from individual exertion but from the growth of the community. For it is not anything that the individual owner or user does that gives value to land. The value that he creates is a value that attaches to improvements. This, being the result of individual exertion, properly belongs to the individual, and cannot be taxed without lessening the incentive to production. But the value that attaches to land itself is a value arising from the growth of the community and increasing with social growth. It, therefore, properly belongs to the community, and can be taken to the last penny without in the slightest degree lessening the incentive to production.

Taxes on land values are thus the only taxes from which, in accordance with the principle of free trade, any considerable amount of revenue can be raised, and it is evident that to carry out the free-trade principle to the point of abolishing all taxes that hamper or lessen production would of itself involve very nearly the same measures which are required to assert the common right to land and place all citizens upon an equal footing.

To make these measures identically the same it is only necessary that the taxation of land values, to which true free trade compels us to resort for public revenues, should be carried far enough to take,

as near as might practically be, the whole of the income arising from the value given to land by the growth of the community.

But we have only to go one step further to see that free trade does, indeed, require this, and that the two reforms are thus absolutely identical.

Free trade means free production. Now fully to free production it is necessary not only to remove all taxes on production, but also to remove all other restrictions on production. True free trade, in short, requires that the active factor of production, Labour, shall have free access to the passive factor of production, Land. To secure this all monopoly of land must be broken up, and the equal right of all to the use of the natural elements must be secured by the treatment of the land as the common property in usufruct of the whole people.

The partial reform miscalled free trade, which consists in the mere abolition of protection—the mere substitution of a revenue tariff for a protective tariff—cannot help the labouring classes, because it does not touch the fundamental cause of that unjust and unequal distribution which, as we see to-day, makes "labour a drug and population a nuisance" in the midst of such a plethora of wealth that we talk of over-production. True free trade, on the contrary, leads not only to the largest production of wealth, but to the fairest distribution. It is the easy and obvious way of bringing about that change by which alone justice in distribution can be secured, and the great inventions and discoveries which the human mind is now grasping can be converted into agencies for the elevation of society from its very foundations. True free trade would emancipate labour.

#### WHAT LAND VALUE TAXATION WOULD DO

In the first place all taxes that now fall upon the exertion of labour or use of capital would be abolished. No one would be taxed for building a house or improving a farm or opening a mine, for bringing things in from foreign countries, or for adding in any way to the stock of things that satisfy human wants and constitute national wealth. Every one would be free to make and save wealth; to buy, sell, give or exchange, without let or hindrance, any article of human production the use of which did not involve any public injury. All those taxes which increase prices as things pass from hand to hand, falling finally upon the consumer, would disappear. Buildings or other fixed improvements would be as secure as now, and could be bought and sold, as now, subject to the tax or ground rent due to the community for the ground on which they stood. Houses and the ground they stand on, or other improvements and the land they are made on, would also be rented as now. But the amount the tenant would have to pay would be less than now, since the taxes now levied on buildings or improvements fall ultimately (save in decaying communities) on the user, and the tenant would therefore get the benefit of their abolition.

In the second place, a large and constantly increasing fund would be provided for common

uses, without any tax on the earnings of labour or on the returns of capital—a fund which in well settled countries would not only suffice for all of what are now considered necessary expenses of government, but would leave a large surplus to be devoted to purposes of general benefit.

In the third place, and most important of all, the monopoly of land would be abolished, and land would be thrown open and kept open to the use of labour, since it would be unprofitable for anyone to hold land without putting it to its full use, and both the temptation and the power to speculate in natural opportunities would be gone. The speculative value of land would be destroyed as soon as it was known that, no matter whether land was used or not, the tax would increase as fast as the value increased; and no one would want to hold land that he did not use. With the disappearance of the capitalized or selling value of land, the premium which must now be paid as purchase money by those who wish to use land would disappear, differences in the value of land being measured by what would have to be paid for it to the community, nominally in taxes but really in rent. So long as any unused land remained, those who wished to use it could obtain it, not only without the payment of any purchase price, but without the payment of any tax or rent. Nothing would be required for the use of land till less advantageous land came into use, and possession thus gave an advantage over and above the return to the labour and capital expended upon it. And no matter how much the growth of population and the progress of society increased the value of land, this increase would go to the whole community, swelling that general fund in which the poorest would be an equal sharer with the richest.

Thus the great cause of the present unequal distribution of wealth would be destroyed, and that one-sided competition would cease which now deprives men who possess nothing but power to labour of the benefits of advancing civilization, and forces wages to a minimum no matter what the increase of wealth. Labour, free to the natural elements of production, would no longer be incapable of employing itself, and competition, acting as fully and freely between employers as between employed, would carry wages up to what is truly their natural rate—the full value of the produce of labour—and keep them there.

(From Chapters xxi to xxvi of "Protection or Free Trade," by Henry George.)

A resolution condemning the Local Government Bill was carried by the Leeds City Council on 5th December. Alderman Armstrong criticized the absence of any differentiation between prosperous and other industries and said experience of agricultural rating relief had shown that the relief filtered through into the landlords' pockets.

Councillor J. A. Simpson reported a case where a Yorkshire farmer had already been told that his rent would be increased by £40 because of the relief he would receive.—*Leeds Mercury*, 6th December.

## THE NEW YEAR

Once more a Happy New Year to our subscribers and adherents. May good intention wait on resolution and high purpose wait on both! Field work for 1929 now begins for us and in promising ways.

Our Fourth International Conference this summer is a task in itself and must speak for the help and the goodwill of all who firmly hold to the practical policy the Conference is being held to promote. Quite apart from the stimulus it will be to the cause at home and all round the globe the inspiration of meeting old and new comrades in the fight should prove a personal gain to all in attendance. It is for everyone strong enough and daring enough to use it and make the most of it as a rare and special platform erected for service in the wide international field we desire to cultivate. Already we have the assurance of a representative assembly that will figure in the history of the movement as a significant step towards the goal we are striving to reach. There are many, too many, we regret to think who, for one reason and another, will not be present when the members meet at Edinburgh on the opening day; but every loyal adherent of the International Union will be present in spirit, and their moral and material support should not be wanting. Let us unite in making this Edinburgh Conference a further justification of the need for our expanding propaganda, designed to remove every material and legal restriction to international prosperity and peace.

Then again, we in this country must reckon with the General Election to take place this year. We must prepare, and at once, for this battle at the polls. For this purpose alone there is a pressing demand for both money and service. The political Parties are calling for means to cope with their heavy undertakings and responsibilities. We must also appeal to our supporters for new and additional financial backing. This election and its general activities is our opportunity. As Henry George has said to those who *do* know what this primary wrong is and which we seek to end: "It is to men of this kind that I would particularly speak. They are the leaven which has in it power to leaven the whole lump. . . . To bring it about is simply a work of arousing thought. How men vote is something we need not much concern ourselves with. The important thing is how they think."

These are wise words even in the heat of an election contest where every man taking a part is a partisan for the time being. We may not take this election lightly. It is the occasion for arousing thought and directing it into channels that will swell the main current now flowing freely, and at some points tumultuously, for some great change either for good or evil. We are of those who stand for peaceful progress, for fair play and social justice. We have a remedy for the problem of unemployment, the problem of poverty, that goes simply and directly to the root of the trouble.

As of old time, the appeal for united effort to-day is to "Those who seeing the vice and misery that springs from the unequal distribution of wealth and privilege, feel the possibility of a higher social state, and would strive for its attainment."

J. P.

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