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Lessons from Modern History

By Halfdan Hansen, Norway

The Socialist Labour Parties in most countries declare their opposition to Communism but, believing as they do in controls and restrictions, their basic ideas impel them unwittingly along the road that leads to the communist dictatorship. The non-Socialist Parties on the other hand, while talking in general terms about freedom, differ from the Socialists and among themselves only as to the degree of government interference they think necessary.

As we study the serious economic problems that face us, there is much to be learned from what happened in the interval between the two world wars. We may usefully look at the circumstances in Germany, the U.S.A. and Norway, for example.

In Germany there had been a remarkable technical development with increasing export of quality goods in open competition with older industrial countries, until the latter reacted by imposing the tariff barriers that reduced access to accustomed markets. This gave rise to the passionate cry "we must have more *lebensraum*," which agitated Europe and ended in the crash of arms.

Even so, we can see a connection between the great depression of 1929 and the outbreak of the second world war ten years later. The one was prelude to the other. American industry was prostrated and the consequences were felt throughout the world. Everywhere men were thrown out of work and the great increase in the number of the unemployed created a most menacing situation. Earlier thoughts that Germany was predestined to bring order into the world's shaky economy were revived. Hitler seized this opportunity to build up armaments and thereby incidentally put the whole people to work giving them bread to eat, whatever else he had in view.

It is necessary to go back earlier and to see what preceded the slump in 1929. The agricultural crisis with high corn prices and consequent over-capitalisation of the rent of land were a direct consequence of the increased demand for foodstuffs during the first world war. In the U.S.A., for example, the selling prices of wheat-growing land had multiplied twenty-fold, and in Norway the government itself had warned that the rampant jobbing in landed property would lead to disaster for those who had to make their living on the land. In Norway peasants had to abandon their farms in such numbers that the banks which had financed the dear land purchase were brought down with them.

In boom times the speculative rise in the price of land outpaces the yield that can be obtained from its productive

use. This race between monopoly-created land prices and the earnings of labour ends in catastrophe, and it is surprising how some economists, in their analysis of booms and depressions, can ignore those conditions.

It seems to be little recognised that the *land* is a distinctive factor in the production of wealth; and that as an "economic good" it precedes and surpasses in importance all else that makes human activity possible. Millions are exacted from the earnings of labour and are spent in the form of subsidies. For the construction and maintenance of roads, railways, airfields, harbours, and for meeting the deficits in the travel services by land and sea, vast sums are voted. But the effects of this public expenditure do not enrich the community as a whole, because they take the form of higher prices in town and country of the land which is benefited by the improvements. The same holds good where cities expand, and where everything is done to increase the amenities conducive to the best conditions of life and work.

The governments that are bent on regimenting the people misuse and squander the tax-revenue, which with ever increasing demand they force industry to pay; but despite the series of good years with those tax-revenues breaking all records, the proceeds vanish in the lavish hands of the administrators who in turn and without shame go on their knees ever begging new loans from the despised capitalists, repayment to come from future taxation levied.

These immense sums of money, by the way in which they are collected and spent, sabotage the government of a country, politically, financially and socially; they allow millions to be spent on mere adventure. It all looks very grand on paper, but how deceptively!

It is impossible to see how it can harmonise with the idea of liberty that the working people, as members of society, should have to subscribe towards maintaining and increasing the land values of the country without obtaining their corresponding share in them.

The problem is not of new date, but the accepted economists avoid presenting it in a full light; they take refuge in purely legalistic conceptions ignoring the economic principles that are at stake.

The conditions of land tenure are the dominating factor in our industrial life, and of all the problems that call for clarification there is none more vital than this. The scientific experts do not look in that direction, so that it is of vital importance that the free press opens its columns to objective discussion, which will remove mutual misunderstandings and throw greater light on the beneficial harmony which an established liberal social order can bring. That will be the most effective action we can take in arresting and reversing the present trend to dictatorship.

(The foregoing article is translated from the daily BERGENS TIDENDE. Mr. Halfdan Hansen, a Vice-President of our International Union, contributes frequently to that important paper and is thus able to influence a wide public.—Ed., L. & L.)

AN EXAMPLE FROM SCOTLAND

In a letter to LAND & LIBERTY, Mr. J. C. Stewart, of Inverness, wrote just before Christmas: "You will be interested to learn that a few weeks ago the Inverness Town Council sold to a local firm of drapers an area of 1,200 square feet situated at the junction of High Street and Castle Street for £16,000, which works out at £580,800 per acre. Good going for a Scottish Burgh with a population a little less than 30,000."