

LAND & LIBERTY

MONTHLY JOURNAL FOR LAND VALUE TAXATION AND FREE TRADE

Fifty-third Year—No. 620

4 Great Smith Street, London, S.W.1

January, 1946 3d.

| | |
|--|--|
| The American Loan, Bretton Woods and the Future of World Trade 107 | Land Value Policy in New Zealand 112 |
| Freedom and Big Business 109 | Progress Notes from Cape Province, Denmark, Holland, Saskatchewan 112-13 |
| Nationalising the Coal Industry 110 | Casual and Surplus Labour 114 |
| Stoke-on-Trent's Resolution 111 | A Letter on the Pittsburgh Plan 115 |

THE LAND QUESTION THE BOTTOM QUESTION

THE LAND question, with which we are concerned, is the bottom question. It is the starting point for all reforms.

It is an error to believe that the land question relates only to agriculture. It concerns directly or indirectly all who have to pay rent, all who produce and exchange goods. It concerns the townsman as well as the countryman, industry and trade as much as agriculture.

Everything that man produces come from the land. It is the site of all production, of all living, of all labour. Without the earth man can do nothing.

He who will build a house must first obtain a site on which to place it. And he who owns this site has the right to impose a tribute for it. This tribute is material.

The land question, therefore, is a matter of lively concern to the inhabitants of towns and of industrial districts. They cannot find any dwelling, any workshop, any storehouse, any establishment of any kind, not even a place of meeting or amusement, without paying their tribute to the land-monopolist. Cases are known in which men could not even meet for worship because the landlords would not give them permission to meet together at any price.

If man will bore into the bowels of the earth, if he will till its surface, if he will live in the upper stories of high buildings he must always make use of the land. The landlord is lord of the air and water, of the rocks and the soil, of the plants and the animals: he is lord over all.

Whence come the necessary materials for building, wood, stone, iron? From the earth. Whence come the raw materials of all our industries, of our furniture, our tools, and our clothing? From the earth. Whence come all the means of our existence? From the earth.

From the earth does man come and to the earth must he return again. The earth is the great storehouse of everything that is needed for life.

Land monopoly is the primary cause of poverty. On the other hand, land monopoly is the source of the accumulation of capital in the hands of a few. Through rents, royalties, tolls and tributes of all kinds which he takes under many different names, through the increases in value and the improvements of which alone he gets the advantage, whether they are the result of the labour of others or the natural effect of increase of population, the landowner acquires capital. This he then invests in the bank or in trade and industry, either in the form of loans, mortgages, stocks and shares, or in Government and municipal bonds. In course of time he builds up a tremendous financial concentration which presses heavily on the world of

labour. It is from landed privilege that the great fortunes have sprung, which have become the means of oppression and exploitation. *The concentration of capital is the child of land monopoly.*

In order to destroy financial concentration one must begin by destroying land monopoly. The one is the mother of the other.

Those who are assembled here may be of different opinions as to the remedy for the sufferings of society, but they are all united upon this point: that the land must not be the unrestricted property of a few privileged people.

The land question is the labour question. In order to secure for the worker the full fruits of his labour we must secure for him his rights to the land. If the land is the property of a few, those who are robbed become the property of the few.

We are convinced of this, that in making the land question the starting point of reforms, we are laying the foundation for the solution of all social problems. We need no elaborate apparatus to raise up labour: the simpler it is the more effective it is. What we have is a fundamental principle, universally applicable, which is valid all over the world and covers every individual case. The land question embraces all social questions.

Everything that the individual makes from the land belongs of right to him without deduction. The buildings, stores, growing things, products, fruits and improvements made to the land belong to him who produces them. They are the fruits of his own diligence. Only the surface, the point of support, belongs to all. The right of the community can extend only to the bare land and not to the improvements on the land. Consequently the rights of the community can be easily secured by a tax proportioned to the value of the bare land.

It is necessary to abolish present taxes, both direct and indirect. It is essential to bring the land into valuation without regard to the buildings and improvements of all kinds or the use to which it is put.

By this simple reform we secure the right of all to the land and the right of each to the complete enjoyment of the produce of his labour, and that without creating a new despotism.

When the right of all to the land and the right of each to the product of his own labour has been achieved, then will men recognise that nature is not responsible for the sufferings of human society, but human misdoing. Public welfare work and private beneficence are not the means of putting an end to poverty. The remedy is to secure land and work to everyone.

The land reform movement is now so widespread that the satisfaction of the rightful demands of the people cannot be

prevented. We stand in front of great social changes. Our present position may be compared with that before our civil war for the abolition of slavery. We want to abolish every trace of slavery by making known the right of all to the surface of this planet and the right of each to full freedom, to the full earnings of his labour.

From the Opening Speech by Henry George at the International Conference for Land and Social Reform in Paris, June, 1889.

(The official report of the Conference appeared only in French. No report in English was published or exists. The foregoing is from the version published for the first time in *Land & Liberty*, September, 1934. It was translated from the German, printed in the August, 1934, quarterly part of the *Jahrbuch der Bodenreform*.)

"THE ECONOMICS OF CHARITY"

The process of popularising the theories associated with the names of Keynes and Beveridge continued with an article under the above title in *Everybody's* (November 17), by Adam Doboszynski. The article is illustrated by a large diagram showing a stream of Relief issuing from Big Ben's Clock to a lay figure marked "Unemployed," and through him to a semi-circle of recipients, the first of whom, significantly, is "Landlord," then Butcher, Baker, etc., all of these pointers issuing in a still larger stream marked: "Revenue from Stimulated Trade," finding its way back to Big Ben. Underneath the diagram it is stated that "The whole economy of a nation is stimulated by unemployment relief. Money is circulated and every type of trade encouraged, and more money flows back into the Exchequer." And we used to think, at one time, that unemployment was a social evil! The article soon goes on to describe how the unemployed man's pound note is rushed from hand to hand, from baker to butcher, from butcher to draper, then to the tax collector or bank deposit. We are assured as a result of the above process, "It has been calculated that a sum of one million pounds spent on public works or dole might . . . increase the consumption by as much as ten million, thus creating additional employment far bigger than the figures of directly relieved people."

This brings us to the famous "multiplier" notion, that "the wider the unemployment, the higher becomes the ratio (or "the multiplier") between the number of the assisted and the number of resulting employed." And we are finally assured that in certain conditions the "multiplier" would rise so high as to cause the entire unemployed population to get a job. It is as easy as that, the conditions being that everybody through whose hand "slips" the money from unemployment relief must spend and not save it. What happens to this beautiful theory when the unemployed have all got jobs, and the flow of relief stops, is not clear. Perhaps that is where the monopoly of land comes in, denying access to jobs, creating once again unemployment and the necessity of relief, by which the Keynesian prosperity is restored.

Resurrecting Old Bottles

A less crude treatment of the economic system sketched in *Everybody's* article is to be found in the recent works of Lord Keynes and Sir William Beveridge. Their disciple in *Everybody* makes full use of the pyramid and hole-filling illustrations of both economists. He also quotes Lord Keynes as stating: "If the Treasury was to fill old bottles with banknotes, bury them at suitable depths in disused coalmines which are then filled to the surface with town rubbish, and leave it to private enterprise on well-tryed principles of *laissez faire* to dig up the notes again—there need be no more unemployment; and with the help of the repercussions, the real income of the community and its capital wealth would probably become a good deal greater than it actually is."

Whatever may be the meaning or the application of this fantasy, in a practical world no one will trouble to unearth buried notes or buried bottles for that matter, unless they are likely to be worth more than the cost of the digging. Indeed, between the day of burial and the day of resurrection of this treasure, with so much happening overground in the meanwhile, it may be found more profitable to market the old bottles than the paper money they contain.

The extraordinary picture is noticed because of its reference

to private enterprise and *laissez faire* which are envisaged as being left to the job of digging up the notes again, but are not allowed any say in the propriety or sanity of burying them, or the rest of the process. It is these burlesques by Lord Keynes on *laissez faire* and the classical economists that seem such misfires when we consider that the outcome of the Anglo-American Loan negotiations in which he took such a leading part, is all in the direction of an ultimate return to the paths laid down by the great classics of political economy. The success of the Anglo-American agreements depends in the long run on whether we discard import duties, subsidies, managed currencies, and return to Free Trade, Free Production, stable exchanges and sound money. It rather looks that *laissez faire* was not altogether silent at Washington.

Magic That Failed

The most remarkable admission by Mr. Doboszynski is that his claim for the Keynesian theories "sounds miraculous." And then we get a statement of fact, which we can at last put to the test, for he goes on: "Yet it happens, as it happened in Germany, where this magic was first discovered and used to rearm the country." It happens, also, that in the week when the article appeared in *Everybody's*, the Nuremberg Trial had just reached the stage of examining the financial system of the Nazi regime. On November 26 the *Manchester Guardian* contained a report from their Special Correspondent dealing with "Hess's Condition" and other more dramatic features, but carrying a sub-heading "Bank Reserves Exhausted." From this report it is clear that the Germans did try the "magic" of which Mr. Doboszynski speaks, and so far he is correct, but he does not tell us the rest of the story, that it brought them to the brink of ruin. The Special Correspondent speaks of the "vast economic plan by which Germany secretly rearmed, largely through the 'wizardry' of the defendant Schacht." He then proceeds to say: "By the manipulation of the currency and a whole series of export and import manoeuvres, Germany was brought to the verge of bankruptcy by the Nazi's war economy. Hitler had said that the country could not go on for another year (on the eve of the Polish campaign). The reserves of the Reichsbank, which had not hesitated to invest the holdings of foreigners and political opponents and which in secret had financed the rearmament programme in order to conceal it from the German people themselves, were now exhausted, as were the resources of the printing presses." Such was the wizardry, magic and miracle, which Mr. Doboszynski identifies in theory and principle with the new economics which are to cure unemployment. Hitler and Schacht thought they would not be "beaten by economics," but they were in the end. The power of the printing press had its limits; there are economic laws determining the filling of "old bottles" with Treasury notes. Those laws, using the language of *laissez faire*, say to the land-monopolist and his friends the wizards and medicine men of finance, stand out of the way of the unemployed man; he wants not your Economics of Charity (so-called) and your "old bottles" and your diminishing pound notes. Let him get to the source of all employment, all production, all wealth, and apply to the land his labour. This is the economics of reason.

D. J. J. O.

3d. Each. LECTURES AND ADDRESSES BY HENRY GEORGE: The Crime of Poverty; Moses; Scotland and Scotsmen; Thou Shalt Not Steal; Thy Kingdom Come; Justice the Object, Taxation the Means; The Land for the People.

6d. KARL MARX'S THEORIES OF SURPLUS VALUE AND LAND RENT. By F. C. R. Douglas, M.A., M.P., L.C.C.

6d. LAND POLICIES. Official Reports Explained and Examined. By F. C. R. Douglas, M.A., M.P., L.C.C.

6d. SCOTTISH LAND AND AGRICULTURE. Both Land Value Taxation and Land Nationalisation are well argued. Which should it be?

6d. RATING AND TAXATION IN THE HOUSING SCENE. By F. C. R. Douglas, M.A., M.P., L.C.C.

6d. PUBLIC CHARGES UPON LAND VALUES. A Study of Effects of Local Government Rating Systems upon the Social and Economic Developments of the Australian States.