

LAND & LIBERTY

MONTHLY JOURNAL FOR LAND VALUE TAXATION AND FREE TRADE

Forty-sixth Year.—No. 547

DECEMBER, 1939

2d. By Post, 2s. 6d. per annum

PAYING FOR THE WAR

J. M. KEYNES'S PLAN EXAMINED

WHAT IS TRUE FREE TRADE?

HITLER AND THE PRUSSIAN LANDOWNERS

TESTIMONY FROM NEW SOUTH WALES

In his broadcast on 26th November, the Prime Minister, Mr Neville Chamberlain, spoke on war aims and peace aims, and said the desire of the Government would be :

"To establish a new Europe, not new in the sense of tearing up all the old frontier posts and re-drawing the map according to the ideas of the victors, but a Europe with a new spirit in which the nations which inhabit it will approach their difficulties with good will and mutual tolerance. In such a Europe fear of aggression would have ceased to exist and such adjustments of boundaries as would be necessary would be thrashed out between neighbours sitting on equal terms round a table with the help of disinterested third parties if it were so desired. In such a Europe it would be recognised that there can be no lasting peace unless there is a full and constant flow of trade between the nations concerned, for only by increased interchange of goods and services can the standard of living be improved. In such a Europe each country would have the unfettered right to choose its own form of internal Government so long as that Government did not pursue an external policy injurious to its neighbours. . . ."

He went on to say that armaments would be gradually dropped as a useless expense ; that in the building of "this Utopian Europe," it was impossible to set a time limit and provision must be made for changing conditions and corresponding adjustments.

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Significant is the emphasis upon the fact that "there can be no lasting peace unless there is a full and constant flow of trade between the nations concerned." For the last eight years our Government has been pursuing the opposite policy. This indirect confession of error is to be welcomed. The disastrous effects of the adoption of protectionism by Great Britain are written large upon the history of international relations. The people of this country who hate war, even though for the moment they may think it is the only way, must hold the Government firmly to the implementation of this peace aim in the fullest possible measure.

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"Words like 'freedom' and 'democracy' can degenerate into empty battle-cries, the fair outward

voice of self-interest. . . . There is no shame in admitting that democracy in Great Britain is far from perfect and that the amount of freedom enjoyed by men varies with economic circumstances. What is shameful is to speak of fighting for democracy and freedom without an earnest resolve to make the one more perfect and the other less variable in our own homeland. A resolve of this kind, if its significance is understood, is not easy to make and is still harder to uphold. It involves great social changes, a levelling in society and a redistribution of economic power. . . . The true democrat and servant of freedom will keep within him a passion for social justice, a horror of unnatural inequalities, and a dread of privileges founded on wealth and not on human excellence."—The *Manchester Guardian*, 3rd November, 1939.

That is a just statement, finely expressed, but what an anti-climax that the only concrete proposals which the *Manchester Guardian* could find were family allowances, reduction in the size of classes in schools, and improvements in the public health services. Are these the only economic circumstances that limit freedom? Will these measures destroy unnatural inequalities and privileges founded on wealth? Surely something needs to be said about tariffs and other restrictions on freedom to trade, about the holding of land out of use which prevents men from producing, and about the private appropriation of the rent of land which takes from those who produce and gives to those who do not.

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At the meeting of the Royal Geographical Society on 13th March last, reported in the November issue of the *Geographical Journal*, Sir Charles Bressley opened a discussion on the Greater London Highway Development Survey, in which he described the schemes he had recommended for the replanning of the highway system around and in London. Inevitably the "King Charles's Head" of the price of land was at the feast. What is this huge scheme going to cost in mere compensation to landowners? Another question to be borne in mind is the speculation in land prices that is even now taking place wherever the new roads or other developments are contemplated, with the enormous enhancement in prices and rents in the districts contiguous to or benefited by the improvements when they have been made.

Mr Edward Fryer of the Automobile Association said : " I have been going into land values from the point of view of traffic roads, and whereas it might be said that in certain parts land some years ago was worth about £3 or £4 per acre, we have now sites in London which are worth £1,000,000 an acre. The same applies to the country." Mr Rees Jeffreys of the Roads Improvement Association said : " Most of the London schemes of arterial road construction and improvement have been carried out about twenty years after they were deemed desirable and necessary. And when they are finally carried out the cost is anything from three to ten times as much as they would have cost if they had been carried out at the time they were deemed desirable."

Who gets this difference in cost and why should the public be required to pay it? In the interval, road making and building have been made easier and cheaper by all sorts of labour-saving devices, and wages certainly have not risen from three to ten times the previous rates. On the contrary, they remain at the old dead level. Nor has the rate of interest risen from three to ten times; it has remained stationary or declined. The difference goes in the increased rent or price of land to those who as landowners can stand across the ground and charge wayleave before the path can be cut. Confirmation of this is in Mr Rees Jeffreys's further statement : " In one case I took out figures in regard to improvements carried out by the Metropolitan Board of Works and the London County Council in its earlier years and I found that 90 per cent of their expenditure went in land and compensation and only 10 per cent in works."

Replying to the discussion, Sir Charles Bressey said that the approximate mileage (of roads) covered by his scheme was 818. " The estimated cost ranges from £160,000,000 to £230,000,000—a very wide margin, because values change and landscapes alter. It means £160,000,000 if the work is started at once; £230,000,000 if put off for a lengthy period."

Values change; yes, but what values? What is the main constituent of this £70,000,000 *more*, not to speak of the £160,000,000 to start with, that is so easily set down on paper? Is Sir Charles's scheme, grand in conception as an architect's proposition, devoid of plans for providing against a huge land racket? Is it completely blind to the people's rights in the land values they create?

Suffolk Punch is an autobiography of Mr George Cross, published 15s. by Faber and Faber. According to the *Glasgow Herald*, 8th August, it is the story of a " successful man," who decided to become an estate agent and " learned the game." The war (1914-1918) helped very well because London was full of people who had to have bed and board—and the site on which to place these essentials. " Mr Cross's services were handsomely rewarded by the rise in values after the Armistice." After that came the housing boom and a full account is given of the Edgware Estate speculation. " And so on to an agreeable life with a beautiful estate in the country." The reviewer says the book has good advice to young men in search of a fortune. It is a twisted sense of morality that thus makes a virtue of land speculation.

Consequent upon alterations to his garage, Mr J. Mitchell, of 156 Bury Street, Edmonton, had the assessment of his house raised from £27 to £31. On appeal to the assessment committee the assessment was made £30, an increase of £3 (*Tottenham Herald*, 29th September). It is an illustration of the working of our unfair rating system which punishes the improver or

the man who does anything while exempting the land values which being due to the presence and activities of *all* the people should provide the public revenue.

In *You and America's Future* Messrs Robert Clancy and William Newcomb have produced an attractive pamphlet designed to interest the ordinary reader in economic problems and indicate to him where the solution is to be found. It is written in short paragraphs, each of which is illustrated by a cartoon or diagram so as to catch the reader's attention. The technique adopted resembles in some respects that of the " strip " cartoons so popular in American newspapers. It is intended to stimulate closer study, and will we hope be the means of inducing those into whose hands it comes to read Henry George or to get into touch with some of the organizations which promote his teaching. The price is 25 cents and is to be obtained from the authors at 8 East 30th Street, New York. Quantities may be had at special rates.

What gives competition its bad name is not any defect in principle. The bad name is due to a popular confusion of competition with monopolistic enterprises. " One-sided competition," as monopoly has been called, is a very different thing from free competition. When one competitor has a special privilege, others are at his mercy, and competition turns topsy turvy. But when competition is free, he who serves others best gets—and by natural law—the best service in exchange. What fairer balance could be desired than that? The natural wage of the producer is his product, or the products of others which he gets in unobstructed trade for his own products or his own service. To the extent, however, that production is due exclusively to social solidarity or unity, the product is a social fund, and falls into the land-value category of distribution. This fund is the wages of society; the other fund is the aggregate of wages for individuals.

To the extent that land values go into private pockets except as pay for service, the community is robbed of its own. Nor merely that. Temptations to hold land at excessive prices, thus obstructing its use, are provoked and stimulated.

In consequence vast areas of desirable farming and mineral lands are kept out of use by exorbitant prices for the privilege of using them; numberless valuable building lots in towns and cities are vacant for the same reason; and buildings without number are unsuited to their locations.

The effect is to interfere with legitimate business, to check employment, to lessen compensation for useful services of all kinds, to enrich some landowners out of proportion to their services, and generally to obstruct social progress.

It inspires conflict, encourages luxurious indolence, compels devastating idleness, promotes legal piracy, discourages business enterprise, penalizes useful service, and lies at the base of all the defects of our present social order in its economic aspects.

To exempt earned values and tax land values would leave to everyone his own earnings untaxed. It would require landowners to account to the public treasury for the values of their land, unearned by them but caused by the community. It would remove the causes of land speculation and put an end to gambling in that absolute