

## LAND VALUES

Twenty-second Year. (Established June, 1894)

Monthly 1d. By Post 2s. per annum.  
(United States and Canada, 50 cents.)

### Editorial Offices:

The United Committee for the Taxation  
of Land Values,

11, Tothill Street, London, S.W.

Telegrams: "Eulav, Vic, London."

Telephone: Victoria 7323.

*All communications to be addressed to the Editor.*

### "OUR POLICY"

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—*Henry George.*

## ECONOMICS, FINANCE, AND STATISTICS

At the London School of Economics on February 4th Sir George Paish delivered a lecture (fully reported in the *STATIST* of February 5th) on "The Economic Strength of Great Britain." He said some interesting things, and the whole lecture deserves attention not only because of Sir George's authority as a financial expert but also because of the wide publicity his remarks have enjoyed. We choose a few characteristic sentences which explain much that is in the mind of one who appears to be too devoted to Statistics to be able to think clearly on Economics; and he is not alone in that respect.

"The United Kingdom is a group of small islands containing a relatively vast and dense population and with very few natural resources in proportion to its population. . . ."

"Early last century the population outgrew our agricultural resources and home supplies of food had to be supplemented by foreign supplies."

Statistics should at least be summoned for proof of these statements, but while we wait for some calculation of "our resources" we prefer to rely on the possibilities of wealth-production as demonstrated by such authorities as Prince Kropotkin and Professor Long, and as revealed in the recent disclosures of the Liberal Land Inquiry Committee. The latest testimony for the statistician to grapple with is the pronouncement of Mr. Jesse Collings, whom we quote specially simply because he is not a Radical and therefore not likely to be particularly biased against landowners. Writing to the *TIMES* of 5th February he refers to "our effete land system, a system which gives the control of nearly all the land into the hands of a comparatively small number of persons; it permits the land to be held up and put to inferior uses or to no use at all." So it is with "our" resources. It is absurd to speak as if they belonged to the whole people and had already been used to their fullest capacity. But holding such views, Sir George Paish must have a profound contempt for any kind of enthusiast who proposes any kind of land settlement in this country—not least for those who are now advocating the purchase of land for farm

colonies for soldiers. Certainly, there could be no more futile waste of public funds, even if taxpayers' money ought to be appropriated for buying out landowners or in any manner to enrich a section of the nation.

"In a complete twelve months of war Great Britain has not only been able to buy and pay for nearly £900,000,000 of Colonial and foreign produce and goods for home consumption and for war purposes but has found something like £350,000,000 of money for her Allies, Colonies and customers in addition. . . . The third matter that Great Britain has accomplished has been to meet her own war expense, amounting to £1,000,000,000. . . . This great amount of money has been found with so much ease and facility that no one has felt the burden."

Surely enthusiasm has carried the lecturer too far. We are almost induced to regard the finding of £1,000,000,000 for expenditure as something additional to the feat of buying and paying for £900,000,000 worth of goods. It is as if the statistician discovered a firm, A. B. & Sons, who bought in one year £900 worth of raw material, and then learnt independently that A. B. & Sons had paid into their bank-account £1,000 in the same year. What a wonderful story the statistician could tell of the "Economic Strength" of Messrs. A. B. & Sons, especially if he quietly ignored the fact that the firm had borrowed the £1,000 from one of the partners, Mr. A! But such factors are not considered; "we," the British people, have "found the money" with ease and facility, &c., &c.

"We have found £42,000,000 of capital for rubber plantations . . . we have raised 43½ millions of money for increasing the production of oil. . . . We have supplied other countries with no less than £84,000,000 for the construction of tramways; £44,000,000 for telegraphs and telephones; £12,000,000 for the purchase and equipment of nitrate properties; £22½ millions for tea and coffee plantations; £62,000,000 for gas, water and electrical undertakings; and about £450,000,000 for land and industrial undertakings of all kinds."

It is remarkable to think that you and I have expended so much money; and if we have, Sir George leaves it uncertain whether we are the possessors of all this property or whether you and I jointly have loaned money to enable "other countries" to purchase the oil wells, rubber, tea and coffee plantations, nitrate deposits, &c., already existing there, and to run the numerous industrial undertakings he refers to. If the latter is the correct interpretation we might well ask, would it be necessary for the United States to lend "us" money to buy "our" coal mines before they could be worked at all? The language is ambiguous and so are the figures, for how much of the money is really capital invested and how much represents the value of monopoly and privilege? How much is due to the increased value of land since the "investment" was first made? If I have bought a site in New York in 1880 for £1,000 and it can be sold to-day for £10,000, have "we," the British people, invested an additional £9,000 in America? Or you acquire an iron mine at Bessemer and the United States Government place a heavy protectionist tariff on iron ore enabling you to mint a fortune in royalties which you could sell at any

time for millions of dollars. You are called a "capitalist" by the statistician and you are linked up with me in pompous speeches declaring that "we" have made great investments in foreign lands. Is it possible the statistician overlooks all these considerations and never takes into account the finance of land speculation and of oil, rubber, and other concessions? In Mexico, let us say, some adventurers get a grant of territory from a corrupt politician, a temporary President. It contains rich oil wells; the adventurers float a company and sell "shares" in the right to exploit the wells. Millions of so-called capital are represented in the transaction and thereafter are quoted on the Stock Exchange as foreign investments, but does a single pennyworth of the money paid for the original adventurers' privileges find its way to Mexico?

"It is obvious that the ability of the world to buy British goods, apart altogether from the amount they have bought by our loans of capital, would have been immeasurably smaller than it has been if we had not supplied capital for increasing the world's productions.

"Practically at all times Colonial and foreign countries have raised a large part of their revenues by import duties. . . . The investment of British capital, however, in other countries meant that the demand for goods in those countries largely exceeded the supply of goods available and forced prices to rise to a level which permitted British goods to be imported in spite of customs tariffs."

Here are first of all two mutually contradictory statements. The use of capital increases production—in fact, we may say capital is of no service and would never be utilized unless it caused things to be produced more easily and in greater abundance. Yet British capital has fastened a load, in some singular way, on the mass of people abroad and has obliged them to pay more for their home products! It is at least astute thus to ignore, if not to deny, the obvious fact that protective tariffs are intended to do and do raise home prices. The investment of capital has nothing whatever to do with the case. If it had, why should British capital have this peculiar effect? How is it that the much greater investment of the capital of Americans in all their own businesses, trades and industries—in all the factories, machines, railroads, &c., used by 100 million people in the production of wealth—has not raised prices so high that it is impossible to buy anything at all? The truth is that any country which exports abroad, as long as the exports are not the payment of tribute and interest, must accept in exchange corresponding imports and no tariff can exclude them. If on the other hand, the exports are purely tribute and interest, no imports will be received in exchange, all the investments in the world notwithstanding. The trade of the slave was all exports and no imports, except that he had bare food and clothing. The trade of the landowner is all imports and no exports; and if his land is abroad, his rent will be disguised, in the international returns of the entertaining statistician, as part of the wealth "we" derive from "our" investments. The labourer is both an importer and an exporter; when he imports into his house his daily bread he must give some labour productions or some useful service in return; and that is his export.

"How is it possible for a people inhabiting a country less than two-thirds the size of Germany or of France and no bigger than a single State of the Great Republic of the United States to do these things? . . . The British people are prepared to take greater risks than any other people in the world, and this quality has brought to them an income and a degree of well-being that can scarcely be measured."

It has been measured by statisticians of all kinds, from Sir George Paish himself and Professor Bowley to the Land Inquiry Committee and Mr. Rowntree. The last-named has given some striking facts of the "income and degree of well-being" of British people in the Cathedral City of York. And from the reports of every inquiry into the condition of poverty we know all we care to know about the great risks taken (but not in foreign markets nor with bank deposits) by that section of the British people who dwell in the slums of our cities.

"Out of this great holding of foreign securities we should be able to find any balance of exchange that we cannot supply by means of our export of goods, the interest that is due to us on our foreign investments, the great income we are now deriving from shipping and the substantial income we are still receiving from insurance and from other services we continue to render to other countries."

It was the STATIST, of which Sir George Paish is joint editor, which on January 1st pointed out that the advance in prices and the rise in freights had "taxed the whole people"; but now the profits derived from the rise in freights is a "substantial income" for the whole people, considerable enough to help pay for the war. That income and all the rest, including foreign securities themselves, are regarded as the available assets of this nation, as if they belonged to the nation or would be disposed of for the British people as a free gift to them. We know of course that nothing of the kind will occur. The owners of foreign investments are not philanthropists, however patriotic they may be. The much-advertised "mobilization of American securities" is not a method of paying for the war, but is a means of financing its operations by Exchequer bonds and other Government loans within this country. The holders of the American securities part with them only in exchange for the proceeds of public revenues collected later by public taxation levied on the rest of their fellow citizens. If Sir George Paish was talking about a co-operative commonwealth which held securities abroad as national property his arguments might have some weight; but even so the idea that the commonwealth could get back its resources by some financial jugglery, and be no less wealthy than before, is entirely ridiculous. That means that any man or any body of men can destroy many millions pounds' worth of goods and remain as rich as ever.

"Already the debt, including the pre-war debt, is about £2,200,000,000 and the debt charge and current Government expenses, including normal military and naval expenses, is some £300,000,000. But it must be remembered that about £100,000,000 of this is interest which accrues to British investors, and that a large part of this interest will still be available for new capital purposes. In spite of the new debt, or because of it, we may confidently

"expect that the nation after the war will have as much new capital for investment as before the war."

With this quotation we must leave Sir George Paish. It is almost a pity to spoil such a gem of wisdom with a comment, and it must astonish many to think it is uttered by a man who is accepted as one of the greatest living authorities on finance and statistics. Since he spoke at the London School of Economics he has been touring the country and his speeches may be searched for similar banalities, always affecting to suggest that war can be carried on without sacrifice of concrete wealth. Saving, economy, and investment in war loans will provide the finance; and everything will be returned to the investors in due season. £100,000,000 taken from those who are in debt and transferred to the lenders is found money available for new capital purposes! Could any tyro in Economics be guilty of greater absurdity?

There are the other financial mentors: the experts who menace us with the "American exchange" and a tariff on imports to rectify its decline—as foolish "mad hatters" as any of the Protectionists whom "A. G. G." so justly castigated in the *DAILY NEWS* of 19th February. We have dealt with their theories in previous issues of this journal, though not fully we admit, and are more concerned at present to voice a warning against the blatant use of the "WE" in the financial and statistical literature with which the country is being inundated. No one will deny the phenomenal wealth of the United Kingdom, but let no one pretend it is national property or that it is being exploited at present in any other way than to fasten a mortgage on the future, turning the Treasury into a coupon-collecting agency for those who have been able, through the economic forces that concentrate wealth in the hands of the few, to make loans to the people. After all, it is a vicious thing to imagine that all the trial and effort through which the country is passing is a mere incident in providing the financial rewards which normally come from industrial enterprise. But it is worse than vicious to ignore or hide the glaring fact that the great wealth of the country is unequally and inequitably distributed. These are the problems—the liability for the debt, the imposition of just taxation to meet it and other Government expenses, and the abolition of privilege and monopoly—these are the problems our officially-recognised financial advisers should be discussing, if their name and fame in this crisis deserved all the advertisement they get, and all the authority they assume.

A. W. M.

### "HERESY" FROM HARVARD

Professor Thomas Nixon Carver, Professor of Political Economy at Harvard University, has recently published a book, "Essays in Social Justice."

He seems almost to have committed economic "lèse majesté" by advocating the philosophy of Henry George; for Professor Seligman has intimated that Henry George has been repudiated by every economist of any standing.

Dr. Carver cannot be called a single taxer—so he says. He devotes a chapter to the single tax, which he concludes with the sentence: "However one cannot be called a single taxer who believes also in the inheritance tax."

Among the economic fallacies which enjoy nine lives at the hands of the privileged classes and their professorial

adjuncts are the claims that all taxes are alike and that the high selling price of land constitutes an asset instead of a liability.

Professor Carver has the temerity to question these bulwarks of privilege. After reading the following excerpts from his book, we are confident that our readers will agree that he is not likely to be employed by the Carnegie, Rockefeller or Sage Foundations.

"A tax which represses productive enterprises weakens the state or the nation to that extent. A tax which does not repress any kind of useful or productive enterprise and still yields public revenue, strengthens the state, adds to its general power and prosperity, and is, therefore, just, according to our original definition of justice."

"Any tax which represses a desirable industry or form of activity not only imposes a sacrifice on him who pays it, but also upon those who are deprived of the services or products of the repressed industry. Taxes should therefore be apportioned in such a way as to impose the smallest sum total of sacrifice of these two kinds."

"As a general proposition, it is safe to say that, other things equal, a tax which represses desirable enterprises or activities, and thus deprives the community of the use and enjoyment of certain desirable goods, is more burdensome in proportion to the revenue raised than a tax which does not entail such results. In other words, a repressive tax is more burdensome than a non-repressive tax. A proposition much more to the point is that a tax on any form of property or income which comes into being as the result of the productive industry or enterprise of its owner is more repressive than a tax on any form of property or income which does not thus come into being. By productive industry and enterprise is meant such industry and enterprise as add something in the way of utility to the community, and not such as merely cost something to their possessor. Skill in buying land may cost as much of study and care as skill in making shoes; but whereas those who exercise the latter kind of skill increase the number of shoes, it has never been shown that those who exercise the former kind add anything whatever to the community's stock of useful goods. Tax shoe factories and, in so far as it represses the industry, the community will have fewer shoes. Tax the land and the community will not have less of anything than it would have without the tax. What is said of a tax on land could also be said, within limits, of a tax on inheritances. From the standpoint of non-repressive taxation, therefore, both the land tax and the inheritance tax have much to be said in their favor."

"The tax collected on the site value of land can have no repressive effect whatever on any productive enterprise. Its only effect is to reduce the selling price of land, not to change its rent in any way, nor to reduce its production in any way. From the standpoint of national interest, the selling price of land is a matter of indifference, provided its productivity is not affected. It is its productivity which enables it to support the nation. Its selling price is merely a means by which wealth is transferred from one citizen to another."

"Because a considerable extension of the land tax would tend to force into productive use a certain amount of land which is now held out of use for speculative purposes; because it would tend to relieve active production from the repressive burdens of taxation, and because it would tend to cut off the incomes which now support capable men in idleness, thus forcing a certain amount of talent into action, we must conclude that an extension of the land tax would work well for the nation."

These remarks confirm the growing conviction that most people who object to heavier taxation of land values on the ground that it is "confiscation," really object to interference with any kind of legalised privilege.—(Reprinted from the *TENANTS' MONTHLY*, New York.)