

all rent in taxation provided it be done by easy steps, he considers that the Single Tax is not a sufficient solution of the labour question in its economic aspect. He argues that, if this is the sole mode of raising public revenue,

*"Rich people will bear a much smaller proportionate burden of public charges than poor people,"* because, he says, "in the last analysis this is a tax on the consumption of goods." A man pays rent "for the small space of land that he personally occupies as a householder or shopkeeper or farmer. This is only part of the call that rent makes upon him. There is an element of rent in everything that a man purchases and consumes. The industry of the community produces a certain mass of wealth or goods; the final price at which the goods are purchased includes the rent of all the lands that have been occupied in producing them and bringing them to market; and therefore under this system of taxation some fraction of every unit in the mass of material wealth would pass into the national exchequer in the form of land value."

This argument is certainly very plausible and ingenious, but still we are surprised that so acute a writer as Mr. Storey should fall into this fallacy even though it is so plausible. In looking at the thing from this point of view *he is calculating rent*, at the very least, *twice over*. If it is said that there is an element of rent in the price paid for bread or eggs where does this go to? To the farmer, and ultimately to the landowner, where it appears in the rent of the farm. It is only paid once, but Mr. Storey counts it twice. He has fallen into the fallacy of arguing that rent enters into price. (See Mill's *POLITICAL ECONOMY*, Book II., Chap. xvi., § 6.)

He has also, probably, been led astray by the convenient habit of speech which makes us talk of the *taxation* of land values, and of the single tax as if it were a tax. In reality it is no tax at all. It is simply the payment which is made for an advantage attaching to land, and when it is deducted all producers are left upon a footing of exact equality. *It is an equalising factor*. At present, of course, landlords or non-producers collect the rent and it is, as far as their relation to producers is concerned, a cause of inequality. The object of the single tax is simply to take this equalising payment as the source of public revenue, and thereby to make it fulfil its purpose of equalisation of opportunity between *all* classes in society.

Mr. Storey's second reason for regarding the single tax as insufficient for the economic solution of the labour question is that certain wage payments contain an element analogous to rent. Certain men are highly paid because of their scarcity. "What a man receives out of the product of industry depends only very slightly on what he produces; it is determined much more by the relative number of people who are able and willing to supply the same kind of service that he supplies." In the first clause of this sentence Mr. Storey is misled by an ambiguity in the use of the word "produces." He is thinking of production either from an ethical or from a physical (or physiological) point of view, and not from an economic point of view. It may be quite true that the wages some men receive are ethically quite unmerited. There are people who would put a spirit-dealer's wages in this category. It may be, too, that there are men who receive ten or a thousand times more than others for the same physical exertion (so far as such a thing can be measured). But these cases are quite beside the point; a man is paid according to the contribution which he has made economically to production, and not according to the ethical or physical measure of the work he has done. What is wrong with distribution at the present time is that a small part of the contribution to production has to be attributed to labour and a large part to land, owing to the artificial scarcity of the latter factor caused by the holding up and under-utilisation of it.

Mr. Storey's analysis might have extended to the case of capital also, and it might have been shown that where a new and more efficient type of machinery is used by some firms in a trade they can reap a surplus or quasi-rent. But the essential point is that this surplus or quasi-rent is temporary and that, unlike land-rent, it is obtained not because population has been forced back to a less advantageous means of production but because some men have gone forward to a more advantageous means. Even if this surplus, quasi-rent, or "net income" can be measured, which we very much doubt, it would certainly be detrimental to society to tax it, because it is the dynamic of progress. It is the spur which leads men to research, invention, and the cultivation of their mental powers.

It is true certainly that when the single tax has been applied and the status of the lower stratum of society has been raised, the glaring inequalities of the present day will disappear. Wages being higher and opportunities of learning and culture being open to all, the genius and talent which at present is wasted and dormant will have the chance to express itself. More and more men will be discovered who are capable of performing those specialised functions which to-day reap enormous salaries, and gross inequalities will disappear. But there always will remain an economic advantage to the man who invents a more efficient process or performs a more efficient service, and, as far as we can see, it is essential for the progress of civilisation that this should be so.

We hope that our readers will not imagine from our criticism that we are totally at variance with Mr. Storey. This is far from being the case, but it has seemed more useful to indicate the points of disagreement than to catalogue the far more numerous points of agreement. This is a valuable and significant book. The author holds the important position of Secretary to the Yorkshire Liberal Federation, and his work may be taken as an indication of the direction which Liberal thought is taking in those great radical industrial constituencies. It shows too the hold which the idea of taxation of land values is taking on the minds of serious politicians. We cordially recommend this book to the attention of all land reformers.

F. C. R. D.

#### THE LAND AND YOURSELF.\*

Mr. Horace B. Samuel has taken up his subject with insufficient preparation and reveals himself rather as student in need of instruction than as a teacher speaking with authority. A book which commences with the statement that "land is the mother and labour the father of all wealth," and adds in the next paragraph that "of all forms of wealth *land* is the most permanent," is scarcely worth perusal beyond the first page, but we have gone patiently through it to see what further entertainment we might obtain. Mr. Samuel is not only astray in his economics but his facts also are repeatedly incorrect. Scarcely a page is free from misstatement as, for instance, that in France "four-fifths of the soil is owned by its occupiers," a piece of nonsense that only the most ignorant writers would parade; that "the existing system of land tenure dates back to the Norman Conquest and the feudal system," the Norman Conquest having made no change in the system prevailing under the Anglo-Saxon laws; that the Budget of 1909 imposed a duty of a half-penny in the pound on the capital value of unworked minerals, the truth being that this duty was abandoned after the Budget was first introduced; as to the Increment Value Duty Mr. Samuel is evidently unaware of the Amendment made in March, 1911, which enables an owner to substitute for the value as at April, 1909, a site value

\* *THE LAND AND YOURSELF*; a popular discussion of the Land Question and of proposals advanced for its solution. By Horace B. Samuel. Price 1s. net. Thomas Murbey and Co., 6, Bouverie Street, E.C.

founded on the last purchase price in the cases of land leased or sold within the lifetime of the owner; he gives inaccurate information in regard to New Zealand and Australia: the graduated tax in New Zealand commences at £5,000, and does not stop there as Mr. Samuel asserts; the exemption from taxation of "all improvements" was *not* the whole essence of the Rating on Unimproved Value Act of 1896; the principle of graduation in Australia is applied only in respect of value and does not affect area.

The above errors give an idea of the pains Mr. Samuel has taken to understand his subject, and with these credentials he can almost be excused his amateur treatment of the economics of the Single Tax. He looks upon rent as one of "the forms of interest upon capital"; says that "scarcely any economists have taken the Ricardian theory as capable of serious practical application in the twentieth century"; disputes the contention that both the "physical value" of the soil and the "site value" represent unearned increment; thinks that under the Single Tax "rent would be fixed by the State"; believes many Single Taxers would "reconvert England from an industrial to an agricultural community," and claims that "Henry George would rake up the hoary titles of centuries and centuries of unchallenged possession," in spite of the fact that he expressly stated that "by-gones should be by-gones," and proposed to let those who, by the past appropriation of land value have taken the fruits of labour, retain what they have thus got. He proposed that for the future such robbery should cease—that for the future, not for the past, landowners shall pay to the community the rent that to the community is due.

Mr. Samuel's criticism of the Single Tax is summed up in the statement that "it is a modified (and bastard) form of that theory of collectivism which has been most ably expounded by such writers as Marx and Schäffle," and moreover "it has been condemned by such eminent economists as Bastable and Seligman." This is probably the worst blow of all!

The author's main quarrel with the Single Tax, however, is that it would collect the whole revenue of the country from the rent of land without compensation to landowners. Yet he himself advocates a large instalment of the Single Tax principle by urging the rating of land values and the imposition of a drastic tax upon land values. Forgetting his contemptuous reference to the claims made by Single Taxers in favour of the taxation and rating of *all* land values, he holds that his proposals would bring about an increase in housing accommodation, a decrease in town rents, an increased supply of land for small holdings, more cottages, higher wages for agricultural labourers, and a lowering all round of agricultural rent. This is certainly enough to go on with, but the prophecy of these results sounds very strange in the mouth of one who protests against the expropriation of landowners and denies that the law of rent has any validity.

We should add that Mr. Samuel would graduate his national tax in proportion both to the area and to the value of land. Graduation according to value as in Australia has already proved a fruitful source of evasion and exemption, enabling numerous land speculators to escape; but that a tax on the *area* of land will do nothing but harm should be apparent to Mr. Samuel when he finds time to resume his study of economic principles.

A. W. M.

### WEALTH AND WELFARE.\*

The most attractive portion of this book is its title, *WEALTH AND WELFARE*, which is possibly also the most instructive, for there is some relation between these two

terms, national welfare, in the broadest sense of the term, being dependent upon the equitable distribution of wealth, of the proceeds of the national industry. From its perusal, however, no clear insight will be obtained into what constitutes "welfare," nor as to what in economics should be comprised under the term "wealth." In its broadest sense the term "wealth" may be used to connote everything conducive to well-being, to "welfare"; in a political or economic sense it denotes only things capable of ministering to human desires that have been produced by human labour. And the problem of modern political economy is how most speedily and effectively to secure a more equal and more equitable distribution of wealth. On this problem, however, the book now before us throws no light. Quite the contrary, the problem is darkened and mystified, and the issue concealed and confused, by the peculiar methods adopted by its author. Instead of an analysis of the different claims to-day made on the fruits of the national industry, of rent, of interest, of profits, and of wages, all such claims are roughly lumped together under the convenient, if somewhat ambiguous, term "national dividend." This, as might have been anticipated, paves the way for a series of learned disquisitions, mostly couched in highly technical and at times almost incomprehensible jargon, on the means by which "the magnitude of the national dividend" may be maintained, increased, or diminished, and of the effects on this dividend of transferring to the "relatively poor" some portion of such dividend to-day accruing to the "relatively rich." The "relatively poor" and the "wage-earning workpeople" are regarded as "equivalent classes" (see p. 79); and such portions of the "national dividend" as accrue to these classes is regarded as identical with "the earnings of the factor labour." For his special purpose Professor Pigou divides "the factors of production, from whose joint operation the national dividend results" into "labour" and "non-labour," embracing, strangely enough, under the latter category "along with the work of Nature, the work of many kinds of mental ability, the service of waiting [which is none other than our old friend "abstinence" in a new dress], and the service of uncertainty-bearing," on the meaning of which latter term a whole note of some ten pages is given, mainly to show that "though generally associated with waiting, uncertainty-bearing is analytically quite distinct from it, and is an independent and elementary factor in production standing on the same level as any of the better known factors"—the illustration (p. 96) in support of which is amusing, if not very convincing.

Further into the intricacies of Professor Pigou's economic labyrinth it is quite unnecessary to take our readers. They would scarcely thank us. For his book simply adds another to those very learned, very involved, incoherent and illogical, and to the general reader mainly unintelligible books which for some reason or other highly placed professors of political economy, as taught in universities, seem to think themselves bound to compile, and which, presumably, those who wish to pass the examinations over which they preside will find themselves compelled to study. We regret this latter fact; for their competency to understand economic phenomena or to help to solve the economic problems confronting society to-day and urgently demanding solution, is little likely to be promoted by such study. Quite the reverse. The diligent study of such books is far more likely, to use the words of Schopenhauer, when reflecting on the works of the German philosopher Hegel, "to make a bright young man so stupid as to become incapable of all real thinking. For these monstrous piecings together of words which really destroy and contradict one another so causes the mind vainly to torment itself in the effort to discover their meaning that at last it collapses exhausted, with its capacity for thinking so completely destroyed that from that time on meaningless phrases count with it for thought."

L. H. B.

\* *WEALTH AND WELFARE*, by A. C. Pigou, Professor of Political Economy in the University of Cambridge. Publishers: Macmillan & Co., London. Price, 10s. net.