

well as a new standard of rating. With these complications, and with her more extensive area, she stands to gain by the pioneer work being done elsewhere. The fact of the new standard being accomplished in Scotland would strengthen the case for a similar reform in England, while the practical experience gained in setting up the system here would facilitate the work there.

THE CASE FOR SCOTLAND.

The case for Scotland rests on the needs of Scotland herself. The sweeping depopulation of her country districts, the unequalled overcrowding of her towns, the scandalous state of housing in both, the over-pressure in the labour market, and the conditions which darken the lives and prospects not only of the men and women, but also of the children in our midst, show the urgency of dealing with the most fundamental of economic questions; the question of enabling the people to make the best use of the natural resources of their country. The "Pentland" Act—as the Small Landholders (Scotland) Act of last year may well be called—has indeed been an important step; but the best way to bring unused land into the market and to reduce rents to their natural level is to rate those who hold it according to its market value whether they use it or not, and the best way to encourage building and improving is to make all houses and other improvements rate-free.

WHAT HAS BEEN DONE.

In Scotland we have already done something towards the unrating of improvements. Under the combined provisions of Section 6 of the Lands Valuation (Scotland) Act, 1854, and Section 6 (2) of the Crofters Holdings (Scotland) Act, 1886, the improvements of the Scottish crofters have been treated for a quarter of a century as exempt from rating. The Lands Valuation (Scotland) Amendment Act, 1895, in bringing within the scope of rating certain "erections or structural improvements" not hitherto included, exempted, among others, those which were "for agricultural purposes," and this has now been applied to "landholders" under the Small Landholders (Scotland) Act, 1911, by Section 31 (6) of that measure. Under the Lands Valuation (Scotland) Amendment Act, 1902, certain classes of machinery are rate-free. But these go only a very little way, and indeed it is not possible to go much further on the present basis of rating, because the mere exemption of some improvements from rating increases the burden on the others, and does not enable us to rate land according to its market value.

THE NEW STANDARD.

Hence the need of the new standard which this Bill seeks to set up. The adoption of a land-value standard is as necessary for the unrating of improvements as it is for the opening up of the land. The scheme rests on the twin principles that those who hold the natural resources of the country should contribute to the needs of the community in proportion to the value of the natural resources which they hold, whether they use them or not, and that free course should be given to building, agriculture and all industrial enterprise. This would open up the land and promote its development as nothing else would do. It is the key to the solution of the housing problem, the labour problem, and many of the other problems which confront us. We must go to the root of the evil by opening up the natural opportunities for both labour and capital in Scotland.

WHAT HENRY GEORGE ASKS OF US.—I ask no one who may read my books to accept my views. I ask him to think for himself.—SOCIAL PROBLEMS.

"With the object of the fight well defined, the line of action faithfully adhered to, and plenty of patience, there is no reason to despair."—TOM L. JOHNSON.

POLITICAL ECONOMY CLASSES.



NORMAN McLENNAN.

REPORT OF ONE OF THE LECTURES DELIVERED BY MR. NORMAN McLENNAN AT HIS DUMFRIES POLITICAL ECONOMY CLASS.

[From the "Dumfries Courier and Herald."]

"INTERNATIONAL TRADE AND THE RATE OF EXCHANGE."

International trade Mr. McLennan defined as trade between peoples who had different currencies. He quoted the present rates of exchange between this and several foreign countries, as given in that day's GLASGOW HERALD, and proceeded to explain the reason of their fluctuations with the aid of diagrams on the blackboard. They had already seen how large a proportion even of our "home" trade was carried on by bankers' entries, and without the passing of money. It was just like the tally sticks of the barbarian barterers, only it was the bankers who cut the notches in the sticks and kept the tally right. Into international trade, money, for all practical purposes, did not enter at all, for the money of one country did not run freely in another country. It was entirely carried on by means of bankers' entries, the vouchers of which were cheques, bills of exchange, bank drafts, letters of credit, and other banking documents. Specimens of several of these banking documents were handed round the class.

COMMERCIAL "PAPER."

Among our foreign merchants all of those documents were technically known as "paper." When British merchants bought goods or services, say from France, they paid their accounts in British "paper"—which, from all parts of France, generally, soon found its way to the clearing house at Paris. And when French merchants bought goods or services from Great Britain, they paid their accounts in French "paper," which, generally, soon found its way to the clearing house at London. Then the Paris and London bankers "swapped" their "paper," just as the Dumfries bankers "swapped" their local cheques. This was done by firms of merchants called "bill-brokers," who made a business of buying and selling foreign paper, making a small percentage on the transaction. Thus a Paris bill-broking firm would buy a quantity of the British "paper," which had come to Paris. This they would send to a bill-broking firm, their agents, in London, who would sell it to the

London bankers in exchange for a quantity of the French paper which had come to London. This French "paper" they would then transmit to their Paris firm, who would, in turn, sell it to the French bankers in exchange for a quantity of British "paper" lying in Paris, which they would again transmit to London, and so on.

BUT SUPPOSE AN UNEQUAL TRADE.

But, suppose that British merchants had been buying more from France than French merchants had been buying from Britain. There would then soon be more British "paper" in Paris than there was French "paper" in London. While the bill-brokers would then find it easy to buy British "paper" in Paris, they would find it difficult to buy with it an equal quantity of French "paper" in London. The price of British "paper" would, therefore, fall as compared with that of French "paper"—all in accordance with their old friends, supply and demand. The par, gold for gold, rate of exchange between this country and France was said by our bankers to be 25·22. That was to say that there was as much gold in a British sovereign as in 25·22 French francs. But in the supposed circumstances, the price of British "paper" might fall, say, to 25·15. Upon this the French bankers would at once tell their customers—"With this glut of British 'paper' in our hands we cannot go on crediting you with 25·22 francs for every £1 of British 'paper,' we can only credit you with 25·15 francs, that is all the brokers will give us for it."

This position had been brought about by the fact that British merchants had been buying more from France than French merchants had been buying from Britain. It would now have two effects—(1) It would tend to discourage British merchants buying in France, as they could now only get 25·15 francs' worth for £1; (2) it would tend to encourage French merchants to buy in Britain, as they could now get £1 worth for 25·15 francs, instead of paying 25·22. This was the reason why such a rate was said to be "against Great Britain," and "in favour of France." Both of these effects would have the tendency to draw the trade of the countries back towards a balance, and the further the rate varied the stronger this tendency would be.

GOLD BULLION.

Of course, gold in bullion might be sent from this country to clear off our temporary balance with France. But this might not seriously alter the position. For it was an expensive matter to ship gold from one country to another. If the French bankers had to pay the freight and insurance, they naturally could not afford to credit 25·22 francs per £1 of British "paper," and then pay for having that "paper" redeemed. On the other hand, if the British bankers had to pay the freight and insurance, they would be glad to credit £1 for every 25·15 francs of French "paper" they received from their customers, for the more French "paper" they received the less gold they would require to ship. Besides, the French bankers might not want gold. For although it was necessary and desirable to have a certain amount of bullion in reserve, it was bad banking business to lock up a lot of capital in gold lying idle in the vaults. As a matter of fact, people always blamed bankers for keeping too small a reserve of gold—never for keeping too large a reserve. In actual business gold bullion rarely passed from a country that had enough; but almost always from a country that had it to spare to a country that happened to want it. Thus the South African bankers, placed in a rich gold-producing country, would only accept gold in payment of a balance as a last resource, for it was South Africa's business to export gold, not to import it. Besides, even if a country piled up a lot of bullion, the only practical use to which she could put it was to export it in payment of some goods or services received from abroad. Thus, while gold bullion certainly played to some extent the part of an international money, economists were rather inclined to regard it as an ordinary commodity to be bought and sold like other commodities.

TRADE BETWEEN MANY COUNTRIES.

Hitherto they had thought only of two countries. But, in the world, there were far more than two countries having different currencies. Thus, while British merchants were buying more from France than French merchants were buying from Britain, Belgian merchants might be buying

more from Britain than British merchants were buying from Belgium. In that case there would be more Belgian "paper" in London than there was British "paper" in Brussels, and the rate of exchange between these two countries would be "against" Belgium and "in favour of" Great Britain. The bankers at Brussels would then be glad to get British "paper" to help them to clear off their indebtedness to Great Britain without having to ship gold. And the Paris bankers might then get rid of a lot of their surplus British "paper" by sending it to Brussels, where the bill-brokers would find a readier sale for it than in London. This was a state of things which continually occurred in actual business. If they studied the *GLASGOW HERALD* they would find that the rate quoted for a British pound in Belgian money was invariably higher than that quoted in French money. Thus, in that day's *HERALD*, while the rate of exchange with Paris was quoted at 25·27, the rate of exchange with Brussels was quoted at 25·38. Thus the balance of trade might be maintained between the three countries without affecting the proportion which each did with the other, and without seriously affecting the rates of exchange between them. Indeed all countries played their own parts in maintaining the general balance of the world's trade.

The fluctuation of these rates of exchange was one of the finest examples of the working of the law of supply and demand, and showed beautifully how our commerce of the present day, in all its infinite intricacy, was essentially similar to that we carried on by rude barter when we were still in the savage state.

Of course, all "paper" passing between countries tended to affect the rate of exchange whether it was in payment of goods or not. Thus the prize of £10,000 which Messrs. Harmsworth gave some time ago to a French aviator, and which was taken by him to Paris in the form of a cheque, affected the rate between France and Great Britain just exactly in the same way as if it had been paid to a French merchant for a consignment of £10,000 worth of silks or wines.

PRESENTATION TO MR. McLENNAN.

Mr. McLennan's class came to a close on 22nd March, and the members who have attended it presented him with a handsome roll-top desk, as a token of regard and appreciation of his services as lecturer. The function took place at the end of the lecture in the Ewart Public Library Hall, and there was an attendance of about fifty ladies and gentlemen.

Mr. Jas. Hyslop, solicitor, Dumfries, who presided, said they arrived at the close of their class with a mixture of pleasure and regret—pleasure in looking back at the times they had spent so wisely as they hoped and so agreeably and profitably in making excursions together into fresh fields and pastures new, under the guidance of one who was so well equipped to point out subjects of interest and raise suggestions of various kinds in their minds regarding objects they would otherwise have passed by without seeing their great interest. He thought they could not allow the class to come to a close without expressing their thanks to Mr. McLennan, who had been their guide, philosopher and friend in these interesting studies.

Mr. John Hendrie, schoolmaster, who made the presentation, referred to the lecture they had had that night, which he regarded as one of the most interesting of the lot. They were all of one opinion that they had had a very pleasant time since these lessons commenced. For that good time they were entirely indebted to Mr. McLennan, and it would be altogether unbecoming to part with him without giving him some tangible token of their gratitude. They must all have been deeply impressed with the thorough grasp and knowledge Mr. McLennan had of his subject. His lucid and simple expositions had, he was sure, been much appreciated by them all, and they could not do better than present this gift to Mr. McLennan with their warmest acknowledgments of his labours.

The desk bore a neat plate with the following inscription artistically engraved: "Dumfries Political Economy Class, 1911-12. Presented to Mr. Norman McLennan as a mark of esteem."

In returning thanks, Mr. McLennan remarked that he certainly had not lacked the toiler's pay. When he took up the class he felt sure that he knew his subject. But after going over it with them during the course of the session

he felt that he now knew it much better than he did then, and in other ways the class had been to him an exceeding great reward. He had enjoyed it and profited by it fully as much as any of them. He wished to thank them sincerely not only for this token of their regard, but also for the kind way in which they had met him from week to week, to deal with what was generally regarded as a dull and abstract subject.

HERE AND THERE.

In an article on "The Prospects of the Government," in the March *FORNIGHTLY*, Mr. A. G. Gardiner, editor of the *DAILY NEWS*, says:—

Up to the beginning of 1909 the Government waged a steadily losing fight. . . Little had been done to inaugurate the promised schemes of social reform. The steady opposition of the House of Lords was breaking down the morale of the party. In the country the tide was turning, and speculation was rife as to the date of the next election, and the dimensions of the probable defeat. This was the situation at the opening of 1909. Then came a dramatic change in the fortune of the Government. The influence of Mr. Lloyd George became the dominant factor in the Government's policy and strategy; and it is not too much to say that the history of the next three years is the history of the most brilliant cavalry leader in the annals of British politics. In the face of much internal opposition he produced the Budget of 1909, with its historic land clauses, and by that sudden raid into the enemy's country he turned the whole tide of battle, precipitated a conflict with the Lords on the issue least favourable to them—the land—and so compassed their overthrow.

Replying to Mr. J. Dundas White, M.P., in the House of Commons on 2nd April, the President of the Board of Trade issued a statement showing for each of the years 1901 to 1911 the passenger movement between Scottish ports and places outside Europe, and the number of passengers of Scottish nationality that left and arrived at ports in England, Wales, and Ireland. In 1911 the excess from Scottish ports of outward over inward passengers of Scottish nationality was 46,076. From English, Welsh, and Irish ports the excess was 15,252. In 1901 the figures were 7,475 and 1,495 respectively.

Here is a little story that illustrates the late Citizen Tom Johnson's quick wit. When he was running for Congress the first time he met a Clevelander in front of the Society for Savings and hinted in his smiling way that he hoped to get his vote. The citizen demurred.

"I like you, Mr. Johnson," he said, "but I was born a Republican. My father was a Republican and my grandfather helped form the party." Johnson laughed.

"You remind me of the story of the Kentucky mountaineer," he said. "A belated stranger seeking shelter at night entered a mountaineer's cabin and found an old man toasting his bare feet by the open fire. 'I reckon I'm goin' to hev chilblains,' the aged one explained after he had said howdy to the wayfarer. 'I ain't got 'em yet, but Pap Tolliver had 'em, an' Granpap Tolliver had 'em, an' o' course I got to hev 'em.' The stranger looked doubtful. 'Mebbe ef you was careful,' he said, 'you wouldn't git 'em.' The old man straightened up. 'I tell ye I got to hev 'em,' he cried. 'Chilblains goes with Tollivers.'"

Citizen Tom laughed. "Some people seem to think that traditions are more valuable than principles," he said, as he turned away.—CLEVELAND PLAIN DEALER.

A correspondent, a veteran fighter in our movement, writes us:—"I have just finished reading *MY STORY*, which a friend sent me from America. It interested me very, very much. I only wish I had more of Tom L. Johnson's breezy optimism. That our philosophy will win eventually, I have no doubt whatever, as the whole history of our civilisation seems to me nothing but a record of the struggles of mankind toward Democracy. On the road from Despotism to Democracy, from Privilege to Justice, one means of impoverishment and enslavement of the

masses after another has had to be abolished, each succeeding one weaker than its predecessor, until we are in sight of the dawn of Social Justice and Economic Liberty—the goal of all our efforts."

MR. PUNCH: "What are you going to do about this Labour unrest?"

JOHN BULL: "Labour unrest? I thought it was all over. I've got plenty of coal."

MR. PUNCH: "Yes, but what about the future?"

JOHN BULL: "Oh, the Government will inquire into all that. That's what they're for."—PUNCH, 17th April.

At a meeting of the Paisley Town Council held 9th April, Councillor Ashe opposed an extension of the municipal buildings on the ground that "it meant further taxation," and further declared that "the town was so heavily taxed already that no new public works would settle in it." Keep your eye on Paisley; the rating of land values will remove its wretched slums and invite unrated industries within its gates.

The *TIMES* of 6th, 9th, and 10th April contains three special articles on the Housing Problem in London. They review the legislation that has been introduced affecting housing and the solutions attempted by the London County Council and other authorities in the direction of clearance schemes, rehousing and municipal land purchase. The articles show the inadequacy of past measures and lead to a plea for the Unionist Housing Bill, the main features of which are more administration and a State Grant of £500,000 per annum.

Commenting on the fact that the Keighley Town Council agreed by 11 votes to 9 to support Glasgow Town Council in petitioning Parliament for powers to rate land values, the *KEIGHLEY NEWS* of 6th April says:—

Surely, if slowly, the movement for the Taxation of Land Values is making headway. Time was when Keighley would have none of it, and the Town Council scouted it as a fantastical agitation kept up by a crowd of scatter-brained revolutionaries intent on undermining the foundations of society and waging a campaign of confiscation. But that time has gone by, and let us hope there will never be a return to these musty old-fashioned notions of what Land Value Taxation really means. Even the more conservative and laggard members of the Council nowadays exhibit but little open hostility towards the principle that values created by the community should be taxed for the community's benefit. Some of them still vote against any proposal for getting the principle practically applied, but precious few of them are bold enough to raise their voices against so equitable and reasonable a principle as is involved in the rating and taxing of values due to communal effort and public improvements.

A Glasgow correspondent writes:—"We have had five Political Economy Classes in or near Glasgow with about 150 students. Mr. Wilson Paul is conducting a sixth class in Bo'ness with about 15 students. I am glad to see from *LAND VALUES* that Harry de Paas is going to try and form a class in London. I do not see why London should not have five or six such classes going next winter."

At a meeting of the Keighley Political Economy Class, held April 23rd, Councillor Chas. H. Smithson, teacher of the class, was presented with a Memorial Edition of the works of Henry George, a copy of *MY STORY*, by Tom L. Johnson, and a pipe. We shall notice the proceedings at greater length next month.

A Portsmouth correspondent, referring to the political economy class conducted by Mr. J. H. McGuigan, writes that there have been 21 meetings in connection with this class, and there is no doubt about the result. One never knows just how much good comes from a meeting, but when one sees a new light in men's minds and receives expressions of thanks from men who are truly grateful for knowledge obtained, there is some satisfaction in the work.