

take no action should be referred back. The EAST SUFFOLK Finance Committee (*East Anglian Daily Times*, July 24) merely decided that the letter from the Land Values Group should be "received," and there the matter rested. But the most astonishing report comes from SOUTHPORT (*Gazette*, July 31). The Finance Committee decided against action, having had report from the Borough Treasurer "on the effects that the recommendation would bring about," with the conclusion that "there would be no advantage to Southport, as the borough had no land that would be available for taxation under the terms of the recommendation." All we can read from this nonsense is that the Treasurer misrepresents the Rating of Land Values as a tax falling only on undeveloped land and asserts that Southport is free of any land of the kind. Let him report again on the proposal, which is to assess the value of all land in the town, whether used or not, whether built upon or not, and to levy rates upon that value excluding the value of buildings and improvements. It is to have for every property a new column in the valuation roll, showing its value apart from improvements and the transfer of rates from the old basis to the new, for reasons that should be perfectly obvious. The Treasurer has enough imagination to give the Council an idea of what the economic rent of the whole *site* of Southport is, to refute the preposterous suggestion that this town of 79,000 population is either disinterested in or could derive no advantage from the change.

SOMEBODY BLUNDERED

ONE of a series of pamphlets published by the Labour Party under the general title of Labour Discussion Series deals with *Local Government Reform*. The pamphlet outlines the set-up of local government in this country, the powers of local authorities, and how members of such authorities are chosen and elected. It also contains a section headed: "Who pays for it?"

After explaining how revenue is derived partly from charges for trading services, rents of houses and similar sources, and partly from Government grants of various kinds, it proceeds to consider the local rates. Of these the author says:

"There is no doubt about the uneven incidence of rates as a form of taxation. The proportion of family income spent on rent increases in the lower income groups. As rates are closely linked to rent, this means that the burden of rates falls more heavily on poorer people. It falls more heavily also on people with large families, who need large houses for them. As between different businesses it discriminates against the trader who needs plenty of room to display his goods and therefore must have a larger shop. In normal times there is a steady move away from taxation on necessities like tea and sugar, yet a tax is maintained on housing, which is even more of a necessity."

The pamphlet then proceeds to mention that rates are a tax on the occupation of property, that this has been subjected to a good deal of criticism, and that the London County Council promoted a Bill in 1936 to make empty property liable to rates.

After explaining why a local income tax would be unworkable and unfair, and that unlimited reliance upon Government grants would destroy local independence and initiative, the pamphlet ends without making any constructive suggestion.

Is it possible that the anonymous author has never heard of the rating of site values? Does he not know that many resolutions in favour of it have been passed at annual conferences of the Labour Party, and that very many local authorities in this country over a period of half a century have asked for this reform? Does he not know that it has

stood the test of practical experience in New Zealand, Australia, South Africa, Denmark and elsewhere over many years?

And how could he mention the L.C.C. Bill of 1936 for rating empty property without mentioning the still more radical Bill for rating site values in London which was introduced as a private measure by the L.C.C. in 1938, and which, on being ruled out of order in that form by the Speaker, was the subject of a motion by Mr. Herbert Morrison for leave to introduce as a public Bill—a motion supported by the Labour Party in the House of Commons as a whole?

And if whoever was commissioned to write this pamphlet does not know these things, did no one at the head office of the Labour Party read this publication before it was given to the world and in particular to the members of the Party for whose education and training in public affairs this series is designed? Moreover, this is issued at a time when the Chancellor of the Exchequer has stated that he is considering with the Minister of Health (who is the Minister of Local Government) the introduction of legislation which will empower local authorities to rate site values. This hardly seems good service to the members of a Party who may be called upon to defend and to operate this legislation in the local authorities where they are in power.

THE JOKER IN THE KEYNES THEORY

MR. D. E. PEDDIE, in an article contributed to the *Canadian Weekly Saturday Night*, Vol. 61, No. 40 (July, 1946), writes:

"In his book, *The General Theory of Employment, Interest and Money*, Lord Keynes attacks the theory of Balanced Industrial Relations as presented by the classical economists. He states that industrial depression and unemployment are due to insufficient spending, and advocates the expenditure of public money even in waste, such as digging and refilling holes or building pyramids.

"Now the theory of Balanced Industrial Relations, as stated by the classical economists, is sound except for one fatal omission: the failure to say that it is an essential principle of the theory that no factors other than those of service be admitted to price and that if such factors are admitted they will destroy the natural industrial equilibrium, create disparity between price and purchasing-power and cause depression and unemployment.

"Free enterprise and our present system, based as it is on the division of employments, is calculated only for the exchange of equivalents of goods and services.

"The inclusion of non-service factors in price is a subtle form of counterfeiting whereby the disservice of the monopolist is adroitly mixed with the genuine service of the producer. Examples of such counterfeit services are the gains of land-owners, and the gains of monopolies and cartels.

"To assume that such factors may be included in price without disorganising our economic system is to assume that evil may be equated with good; and this is what the lunacy known as Social Credit proposes to do.

"It is also essential to allow prices to fall as costs are lowered by technological improvement. Under modern conditions, prosperity depends upon a falling, not a rising price level; the products of modern industry can be distributed only through the medium of lower prices.

"The present economic system and the productive capacity of modern industry are an almost perfect instrument for the satisfaction of our needs if operated in accordance with the basic principles of equity and justice.

"To-day, private enterprise needs a champion that will demand that it be rid of its bonds of monopoly and extortion in order that it may demonstrate its superiority to all forms of planned economy and totalitarianism.

"Had Lord Keynes, having the ear of the world, done this,

he would have performed one of the greatest services rendered to mankind since the ministry of Christ. Instead, his theory of 'Insufficient Spending' convinces many that they are producing too much in proportion to their wages and is leading to malingering in industry.

"Lord Keynes speaks of the effects of the 'Multiplier Principle' due to spending the taxpayer's dollar, but fails to consider the effect of the 'Subtraction Principle' on the taxpayer's purchasing-power. The theory is altogether vicious in principle; it defeats the tendency of modern industry to make capital cheap by providing abundance; yet lowers interest rates by the weight of taxation. It also tends to increase the demand for public assistance."

"THE LAND WAS PUT HERE BY THE GREAT SPIRIT"

E. A. CORBETT, M.A., in his book, *Blackfoot Trails*, states in Chapter XI that one of the greatest Chiefs in the history of the Blackfoot Confederacy was Crowfoot, known personally to hundreds of the old-timers of Southern Alberta from the days when the ranchers began to settle in the country till the time of his death in April, 1890. The following is an extract from page 92:

"When the Commissioners first approached Crowfoot they told him that all the tribes to the south and east had signed treaties and were living on reservations and getting on well. They advised Crowfoot and his followers to give up their roaming existence and settle down in the same way.

"This first meeting took place at Milk River in Southern Alberta and the story is told that on that occasion the white men spread a lot of one-dollar bills on the ground and said: 'This is what the white man trades with, this is his buffalo robe. Just as you trade with skins, we trade with these pieces of paper.'

"Then the old chief picked up one of the dollar bills which had on it a picture of a man with a bald head, and looking around at his men, Crowfoot said this: 'Stiki Kinkinasi'—'Bald Head.'

"When the white chief had laid all his money on the ground and shown how much he would give if the Indians would sign a treaty, the red man took a handful of clay and made a ball of it, and put it on the fire and cooked it; it did not crack.

"Then he said to the white man: 'Now put your money on the fire and see if it will last as long as the clay.' Then the white chief said: 'No, my money will burn because it is made of paper.' Then, with an amused gleam in his piercing grey eyes, the old chief said: 'Oho, your money is not as good as our land, is it? The wind will blow it away; fire will burn it; water will rot it. Nothing can destroy our land. You don't make very good trade.'

"Then, with a smile, the dignified chief of the Blackfoot picked up a handful of sand from the bank of the Milk River; this he handed to the white man and said: 'You count the grains of sand in that while I count the money you offer for my land.'

"The white chief poured the sand into the palm of his hand and said: 'I would not live long enough to count this, but you can count that money in a few minutes.'

"'Very well,' said the wise Crowfoot, 'our land is more valuable than your money. It will last for ever. It will not perish as long as the sun shines and the water flows, and through all the years it will give life to men and beasts. We cannot sell the lives of men and animals, and therefore we cannot sell the land. It was put here by the Great Spirit and we cannot sell it because it does not really belong to us. You can count your money and burn it with the nod of a buffalo's head, but only the Great Spirit can count the grains of sand

and the blades of grass on these plains. As a present to you we will give you anything we have that you can take with you, but the land we cannot give.'

FIXING WAGES

"WHAT WE need," said the Chairman, "is a definite wage policy. Not a week goes by without we receive applications for increases in wages from our staff around the branches. Our Staff Manager tells us that in granting increases he considers each case separately. Now this seems to me to be a waste of valuable time and a haphazard way of going on. Besides, our wage bill is too high. Now with all due respect to our Staff Manager's judgment in these matters, we should lay down a definite scale and stick to it. I should like to hear the Management Committee's views as to what in their opinion would be the best way to arrive at a wage scale."

"What is the matter with the J.I.C. rates?" said the Shop's Inspector. "This wage scale laid down by the Joint Industrial Council is ideal. It is the result of a very close study of conditions and is all cut and dried ready for our use."

"The trouble with that scale," said the Secretary, "is that many of our staff members are paid more than these rates. It is only a minimum, you know." More views followed from other parts of the table.

"I think the scale should be fixed on age."

"And I think it should be fixed on the position held, irrespective of age."

"What about length of service? This cannot be ignored."

"The only fair way to do it is to base the scale on sales. An assistant taking £30 a week is worth more to us than one taking only £20, and we could fix it on their average over a few weeks, giving them an increase when their average goes up."

"Not practical," said the Chairman. "What surprises me is that no one as yet has mentioned what we can afford. A good paying branch can stand fairly high wages, but what of the branch that barely covers its expenses? Now let me see, we will just make a note of these points and—"

The telephone bell rang.

"Yes?" said the Chairman. "Who is it?" . . . "You want the Staff Manager? Just a moment, I'll put him on." He handed over the receiver.

"Staff Manager here. What can I do for you? . . . Yes, I have your letter, but I have done nothing yet. As a matter of fact we are at this moment discussing this very matter. She is getting too much already for a first sales. . . . Immediately? . . . Oh, been offered another job, has she? Well, why didn't you advertise right away if you guessed she would, after my refusal last week? . . . Oh, you did. . . . Only two applicants and both wanted four pounds, eh? . . . Yes, I suppose you will be if you haven't found a replacement for your second sales. . . . All right, I suppose we shall have to. Give her four pounds from this week. I'll confirm it to-night." The Staff Manager replaced the receiver.

"And that," he said, "is how wages are fixed."

"Meeting adjourned," said the Chairman.

V.H.B.

38. 6d. PROGRESS AND POVERTY. An Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth. By Henry George.

38. 6d. LAND AND FREEDOM. New and comprehensive treatise on Land Value Taxation. By Fredk. Verinder.

38. 6d. A PERPLEXED PHILOSOPHER. Ethics of the Land Question and examination of Herbert Spencer's recantation of his earlier views. By Henry George.

68. THE SCIENCE OF POLITICAL ECONOMY. By Henry George.