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THE TWO OPPOSING SOCIAL PHILOSOPHIES

Address by Dr. Viggo Starcke, Member of the Danish Parliament, delivered recently in London,

The interest of every man is to obtain the goods he needs, and not to get rid of the goods belonging to him and his family. Every housewife knows that. She knows that if she can buy more bread, more eggs, more cloth, the better off the family will be. It is with nations as with families. Import is the beginning of trade. The fundamental interest of a nation is to get the food, the raw materials and the machines they want, and not, through export, to get rid of the goods they have.

Adam Smith put it this way: "What is prudence in the conduct of every private family, can scarce be folly in that of a great Kingdom." Import is the beginning of trade. Export is only a consequence of import, because you have to pay for your import with your export. If, for example, there were no Englishmen in England, and we Danes could come and take the coal and the iron we need, no Dane, except our bureaucrats, would send butter, eggs and bacon to Britain. Why should we?

But many modern statesmen believe in export as a goal in itself. They have a slogan: Export or die! Some European countries are trying to export *and* die. They stimulate exports, they give subsidies, they cause inflation, which is a form of protection, and they prevent import by means of tariffs, restrictions and controls.

What was the intention of the buccaneers and sea-dogs of Elizabethan times? It was to get the gold, the silver, the spices and the foreign goods from distant lands. They were very little concerned with providing English goods in exchange. That was secondary to them. And my dear old forefathers, the Vikings, were traders, businessmen, seafaring men, sailing out with their goods, and returning with the other goods that they preferred. But it cannot be denied that in some regrettable periods they were pirates. During those periods the Vikings were content with imports. They "skipped" the exports. It was not fair, but it shows how realistic they were. I do not recommend piracy, but I recommend realism and I admire initiative, resolution and self-determination.

In all periods of history when the sea was open and the harbours were free, trade and enterprise have

flourished, knitting together peoples across frontiers, and nations astride the oceans. Free import gave low prices and goods in plenty in every shop and for every family's dish and desk. But in hard winters when the waters froze, and in times of war when the enemy's mines and U-boats hampered or prevented shipping, imports declined and prices rose. Yet, as soon as the war ended, we erected Customs Houses in every harbour, and by every frontier we placed Customs officers, instructing them to do against our own people what the enemy did to us in war-time.

Protection is the beginning of war. At first it is a "cold" war, cold civil-war against your own people, and cold commercial war against other peoples, but it often ends in real war. The history of the Customs House is more bloody than the history of the executioner. The history of protection is more bloody than the history of nationalism. To try to prevent goods from crossing frontiers is to run the risk that armies will come instead.

One of the great problems of our western world to-day is co-operation. But military co-operation and diplomatic collaboration is not enough. It has to be followed up in trade and enterprise. The removal of Custom-barriers between England and Scotland in 1707 was a blessing to both peoples. The removal of Custom-barriers between the different states of North America after 1786 is the cement which really *unites* the United States. It is the main explanation of the wealth and strength of America. The removal of protection and restrictions between the European countries and between other countries would remove a great part of the tension in the world situation. But charity begins at home. As long as each nation believes that the abolition of restrictions and tariffs is a national loss and not a national gain, so long will it wait for other countries to take the first step.

Denmark has the lowest tariffs in Europe. It doesn't hurt us. I believe that it would be good business for Denmark to go further and over a short period remove the remaining part of its restrictions and protection. A hundred and fifty years ago Denmark was the first country in Europe to abandon mercantilism—the planned economy of that period—and to adopt Free Trade. It took Britain fifty years



Dr. VIGGO STARCKE.

to obtain the same level of Free Trade, and it took more than a thousand Parliamentary resolutions to obtain what Denmark got by a single law in 1797. Let us do it again.

The case for liberalism is not dead. It is still alive. I need it. You need it. Our countries and the whole world needs it. This is, in truth, the time for new and great achievements. But, if freedom and liberalism are so valuable why have we seen them losing in

the competition with socialism?

Freedom is a remarkable thing. Under liberalism we have experienced freedom in the spiritual field and in the intellectual field, even if we have not realised freedom in the social and economic field. Freedom released one of the strongest forces in nature—the human mind. Freedom gave us the modern science that taught us to understand the laws of nature, and it gave us the modern technique that enables us to command nature. Progress and inventions followed and production poured out goods in abundance. Real capital was created by honest work and capitalism furthered the progress of production. But something went wrong. Behind the glorious progress trailed a long dark shadow of poverty, unemployment and housing-shortage. Hungry people had to go past shops full of food. Shivering people had to pass windows full of cloth.

Among the poor classes there was strong resentment at social conditions. Instinctively they felt that some great injustice was responsible. The hatred of wealth reared its head, but hatred, like ignorance, is blind. The poor people did not see the fundamental difference between wealth acquired by creating property with your own skill and labour, and wealth acquired by taking property from other people. The former makes the community richer, the latter makes the community poorer.

The masses of the proletariat thus became easy prey to a propaganda that called more upon human envy than upon divine anger. The campaign against social injustice turned into a struggle against wealth, when it should have been a fight against poverty. And, alas, not without success. We have nearly destroyed the rich as a class, but we still have the poor among us.

When Karl Marx came to England a hundred years ago, he saw the young capitalism in the industrial areas with all the machines and factories. In the slums he saw the dreadful conditions of the proletariat. His so-called logical brain connected the two and, concluding that capitalism was the cause of the proletariat he shouted his famous cry: "Proletarians in all countries, unite." Since then, in those hundred years, socialism has hunted capital and wealth, and has prevented the liberation of the labouring classes. Karl Marx did not see that his pre-suppositions were wrong. He ignored the fact that the proletariat with poverty and unemployment had existed for centuries

before the machines, before the factories, before capitalism came into being.

The cause of poverty and unemployment must be sought elsewhere. In all countries it is to be found in the inequality of land ownership. It is so in Denmark. It is so in Britain, and it is so to a still greater extent in all the under-developed countries. It was here in the field of the land question that Karl Marx made his second great blunder. He believed that both machines and land were capital, because both of them took part in the process of production. True capital consists of things like houses, tools and machines; they are all made by men. But they wear out. Moths and rust corrupt them. If, however, we have access to land and the riches of nature, we can build new houses and construct new and better machines. But land has not been made by men. It is created by God and given by nature to men. Without land you cannot create any capital nor build any houses except castles in Spain. Land is everlasting, and the land question is everlasting.

Ownership of man-made capital is real Capitalism, and the very sound philosophy of Capitalism teaches us that free enterprise, free investments, free import and free export, and the free movement of capital across frontiers, is a blessing to mankind. The ownership of land is not a part of true Capitalism. It is a false capitalism. It is a privilege, a monopoly. Here is the explanation of why Capitalism in its false form could not solve the problem of poverty; why Liberalism in its old form could not solve the problem of the proletariat; and why Socialism has led the Labour movement out into the desert. The land-problem *can* be solved. It has in some periods been solved, it has been corrupted, but it is to be solved again.

Even Karl Marx, in one of his more lucid moments, said: "Land monopoly is the basis of capitalist monopoly." Had he been as logical as his followers claim him to be he would have directed his campaign against the monopoly of land thereby to destroy the foundation of the false capital-monopoly.

In all the Socialist-dominated countries there has

OUR VISITOR FROM DENMARK

Dr. Viggo Starcke is leader of the independent Justice Party (Retsforbundet), which has now thirteen members in the Danish Houses of Parliament and as many as 140 in Borough, County and Parish Councils. In his recent visit to this country, as guest of the United Committee for the Taxation of Land Values, Dr. Starcke fulfilled a number of speaking engagements. These included: On January 30, at the dinner given to him by the Political and Economic Circle of the National Liberal Club; on January 30, at the public meeting in Westminster, organised by the Land Value Taxation League, Mr. Ashley Mitchell presiding; on February 2, at the luncheon meeting of the Huddersfield Rotary Club; on the evening of February 2, at the public meeting in Keighley, organised by the local Liberal Association, Mr. Ashley Mitchell presiding; and on February 4, at the public meeting in Liverpool, organised by the Merseyside Branch of the Land Value Taxation League, Mr. F. R. Jones presiding. On February 6, the United Committee entertained Dr. Starcke at a private reception and social gathering, which was largely attended, bringing the visit to a most successful conclusion and enabling our guest to meet informally many of the readers of LAND & LIBERTY and members of the various Geogist organisations in the London area.

been resort to restrictions and prohibitions, to economic planning, price-control, currency-control, quotas, bilateralism, dual-pricing, bureaucracy, taxation, inflation and devaluation. This has brought Europe to the brink of bankruptcy.

In the West, under the false form of Capitalism, a man was allowed to possess not only the goods he *had* produced and created by his work, but also the value of what he *had not* created. He could possess not only the land necessary for him and his work, but also the land necessary for his fellow-men; and, with the private appropriation of economic rent, the State was driven to take what it could get by force and by arbitrary taxation of men's work and savings. In several countries taxation, inflation and devaluation have reached such confiscatory heights that the difference between false Capitalism and real Communism is more formal than real.

In the Eastern world the Communists have turned things upside down. There, the State owns everything. It owns the land, the soil and the raw materials, which no man has created. But the State owns also the things that *are* made by men; the houses they have built, the corn they have grown, the machines they have constructed and the goods they have produced. And that is not enough. The State owns man himself, ruling and controlling everything. Freedom is dead.

What is the alternative to Capitalism and Socialism? Henry George, the greatest and most liberal of all liberals, saw the solution, and his solution is this: All the things you have created by your work are yours and not mine. All the things I have created by my own work are mine and not yours. But what neither you nor I, nor any single human being has created shall belong to all of us, to the community as a whole. This is the value of nature, created by God and improved by the function of society as a whole. Let it be collected by the community in the form of a land value tax for common purposes, leaving to the individual the use of the land and securing to him the ownership of the things he creates upon it.

This is just. This is practical, and, what is more, it is practicable. It could give liberalism a real foundation, just the liberalism we need, the Freedom we cannot live without.

Liberal Party and Privileged Agriculture

"A number of resolutions in favour of policies that would have the effect of an economic earthquake" are reported by the *Manchester Guardian*, January 26, to have been tabled by the Executive of the Liberal Party for the approval of the Liberal Assembly to be held at Ilfracombe from April 9 to 11.

The Executive believes that there is no longer any justification for the inroads on the rights of private property made under the Agricultural Act, 1947; calls for the withdrawal of the Minister's power to dispossess farmers for bad husbandry or management, the ending of his quasi-judicial functions, and declares that the system of guaranteed prices and assured markets should gradually be abandoned.

A trumpet blast for Free Trade is sounded by the Executive. The Assembly will be asked to agree that Free Trade is the only sound fiscal policy for Britain, and that the conquest of inflation and the restoration of the convertibility of sterling are essential to the

fulfilment of a Free Trade programme. The Executive urges the removal of protective tariffs from food-stuffs and raw materials as the first step, and a "progressive removal" of tariffs from all other products other than those still subject to long-term bulk-buying agreements or specially protected for defence reasons.

"Progressive" abolition of quantitative restrictions is also urged. The Executive aims ultimately at an economy in which all the acts embodying protection, from the McKenna Duties, 1915, down to the Ottawa Agreements Act, 1932, will have been repealed. The Executive approves the decision of the Commonwealth Prime Ministers not to increase Imperial Preference, but regrets that no positive steps were taken to dismantle the system of Imperial Preference.

Industries Subsidised by De-rating

Mr. Alfred Hatton, the Chairman of the largest rate-paying concern in the town, the Oldham Storage Company, protested strongly against what he called the "inequitable and iniquitous De-rating Act" when summoned to attend before the Oldham Rating Court, January 27. He made it clear that he had no complaint against the local Rating Authority, their officers or the Borough Treasurer, and paid into the Court the sum of £2,347 which his Company owed. His company and all other rate-payers who did not enjoy the benefit of de-rating felt that they had subsidised the de-rated industries for long enough. The original idea of de-rating had been to help the industry when it was in the doldrums; the bonuses and dividends now being paid showed that those days had passed. It was high time that industrial firms paid full rates. That the general body of ratepayers had to pay rates at a higher level on account of the exemptions granted to industrial concerns was a rank injustice.

In Oldham no less than £135,000 was allowed by way of rebate through the de-rating of industrial premises. This made a difference of between 2s. and 2s. 6d. in the pound after allowing for the bulk grant made by the Government, obliging people who lived in houses rated at £15 or £16 to pay £1 10s. or £2 more in rates than would otherwise have been necessary—From an *Oldham Chronicle* report, January 31.

Clergyman Outwits the Tax Collector

The *Daily Telegraph*, January 16, reported at some length the case of a clergyman acting on behalf of others to recover tax allowances, charged with offences under the Income Tax laws. The alleged offences concerned rebates which the law grants in respect of income devoted under a seven year covenant to purposes legally decided to be charitable.

The ordinary citizen, whose direct interest in Income Tax is confined to the P.A.Y.E. figure on his wage packet, would need considerable effort to understand the exact nature of the alleged offences; he would need even more effort to understand the principle of abstract justice involved. Does a person who promises to devote income for seven years to charitable purposes make less call on public services than one who promises for only six and a half years, or who makes no such promise? "The Inland Revenue have never before encountered a scheme like this," said the prosecuting counsel, after describing the intricate transactions.