

## THE SINGLE TAX\*

## A reply to Mr. Chiozza Money

BY MRS. ETHEL WEDGWOOD

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## I.

At the end of a column and a half on "the greatest of political delusions" Mr. Chiozza Money remarks that what he has said "really disposes of" "the crudity of the Single Tax Doctrine." Nevertheless he devotes a further two and a half articles to its discussion, and at the end has not said one word to shake the fundamental postulates of Single-Taxers, nor even to show that he understands them. It is another instance of how statisticians beat the air when they have no first principles to guide their use of data.

Single-Taxers hold: That our industrial and many of our social evils are due to the lack of economic liberty; that this lack of economic liberty is due to land monopoly (i.e., the exclusive ownership of land by a portion of the population); that this land monopoly destroys economic freedom in two ways; (1) by taking direct toll in rent from all wealth produced; (2) by depriving the mass of the population of the only means of working for themselves, and so driving them to undercut one another as wage-slaves to "employers." They assert: That every human being has an equal right to the use of the land (i.e., all the natural resources of the earth); that everyone who uses land of superior advantage should pay to the rest of the community in proportion to this privilege; that no State has the right to force people to pay part of the fruits of their labour in taxation; and that if these elementary principles of social justice were put in practice, economic and social liberty would result.

Now the landlord, as rent receiver, may look a very insignificant figure, but as the base on which the capitalist employer rests he is of great economic importance. Mr. Money, however, seems to cherish still the stock old fallacy that Capital has a monopoly power apart from any monopoly of natural resources. He overlooks the landlord in his capacity as slave-maker to the employer, and treats of him merely as the rent-receiver, appearing to think that the chief aim of the Single Tax is to raise revenue by transferring private rent into the communal treasury. Therefore in this article I confine myself to answering his arguments on this aspect of the question, and in a second shall deal with land monopoly in its relation to so-called capitalism, and hence to the whole of our industrial system.

## II.

Mr. Chiozza Money's first two articles contain in effect—though varied and enlarged upon—but three arguments: (1) That a very small proportion of modern wealth is derived from land; (2) that the whole of British land-rents amount to only about one-third of the present public expenditure; (3) that, therefore, a tax of 20s. in the £ on land values would not be sufficient to replace all existing rates and taxes.

## III.

(1) He says that the School of Quesnay was "right at that time in stating that the wealth of France or England was derived solely or mainly from land," but that "Single-Taxers of to-day are wrong in making the same statement," and that this country "has long ceased to depend on land

for its livelihood." Surely this is the most amazing statement for an "economist of standing" to make. Pray, at what particular point of time between Quesnay and Mr. Money did wealth cease to be derived out of land and begin to be manufactured out of air? So far, scientists have despaired of emulating the Creator by making something out of nothing. Even statisticians and experts do not descent on us direct from heaven, but come via the earth; so do motors, gramophones, dynamos, pins, houses, and all the innumerable items of the wealth of modern civilisation. Out of what, if not out of land, do all these things come? No doubt what Mr. Money really means is that the *bulk of the nation's food no longer comes from its own agricultural land*, but that other products of the land, worked up by skilled labour, are exchanged for New Zealand mutton and Jersey potatoes. But why does not he say so? Why does he persist in talking about "land" as though it meant only "agricultural land," or at most "coal"? The very fact that land in towns and in industrial centres is of so much greater value than agricultural land clearly shows that for industrial purposes land plays a part more important than even in agriculture. Moreover, "land" means for men not only material for labour, but actual space; it is not only a necessity for subsistence but for actual existence, and therefore its importance must grow continually with the growth of population.

Mr. Money says that "every day the wealth of great nations is being derived less from land and more from labour exercised upon stored labour, or capital." That is a strange use of terms. How can labour be exercised upon stored labour? One might as well talk of "exercising horse-power upon horse-power." How can labour—or anything else—be stored, except by not being used? Yet unemployment is certainly not capital. "Capital" is, of course, the *stored products of labour*, i.e., "land" which labour has shaped to serviceable ends; and therefore, when Mr. Money goes on to say that "coal-getting is mainly a question of capital, and not a question of land," he is saying that "coal-getting is mainly a question of stored land which labour has shaped, and not a question of land." What he apparently is driving at, when he talks of the wealth of nations coming every day more from labour exercised upon capital, is this: that as science increases our skill, the amount of labour expended on such products increases out of ratio to the amount of land used in them. But this does not imply that the factor of land can be eliminated from capital, nor that "the landlord has been dethroned from his old position of sovereignty." On the contrary, the more science enhances the powers of the worker, the more valuable is the wealth which his labour is able to produce from any given quantity of land, the more valuable does that land become, and the more profitable its monopoly. In other words, the developments of science, under present conditions, increase land values and raise rack-rents, or, where land is not rack-rented, that potential rent which evades the landlord and goes as "profits" to the employer.

## IV.

Let us pass on to Mr. Money's second argument. (2) Land rents, he says, "are comparatively small." He estimates the amount of British land rents at £90,000,000, only "4½ per cent. of the national income." We will pass this estimate—although he does not say on what it is based—for the actual amount is immaterial. We will also let him off the objection he foresees, that there is much land not put to its best use as well as land "held up" round towns which ought to yield more rent than it does at present. As a matter of fact, if such land were brought into the market by a rate on its realisable value, the increased supply would cheapen all land and tend to depress all rents; and indeed, to thus lower land values is a most desirable result of the Single Tax. But, quite apart from unused or ill-used

\* This article by Mrs. Wedgwood is a reply to three articles on "The Single Tax," by Mr. Chiozza Money, M.P., which appeared in EVERYMAN of October 31st and November 7th and 14th. The nature of Mr. Money's main arguments is sufficiently indicated in Mrs. Wedgwood's reply, and we have not, therefore, attempted to summarise them.—Editor, LAND VALUES.

land, the amount of the rents, agricultural and urban, received to-day by landlords does not represent the revenue which the State would draw from land value under the Single Tax. In the first place, with the remission of all other rates and taxes, the rent of land would—other conditions remaining the same—proportionately rise. That is to say, a large part of the taxation which at present falls only *indirectly* on landowners would then fall *directly* upon them. Again, if—while other conditions remained the same—the result of the Single Tax were to force all land into full use and so cause it all to be rack-rented, then what is now known as employers' profits would go to swell land-value, for "profits" are that portion of the rent which an employer is able to keep because circumstances prevent his landlord from rack-renting him. The recent petition of successful shopkeepers for legislation to protect them against such a rise of rent at the expiration of their leases as should absorb their profits, this in itself shows that profits are largely waylaid rent.

But while—if other conditions remained the same—the revenue obtainable from a 20s. in the pound Single Tax would be much *more* than the rents received by landlords to-day, yet it is more probable—indeed, it is to be desired—that in the long run it would be far *less*. To-day the price of most land is greatly enhanced owing to land monopoly. Land is a necessary of life, and therefore in so far as it is possible to refuse the use of it, its monopoly value rises continually to meet that ever-increasing demand for it by a growing population. The object of the Single Tax is to destroy this monopoly, and thereby it must do away with this monopoly value and reduce the rents of land (or land values) to their economic figure. That is to say, to sums that measure only the superiority of any site over the least valuable land in use at the time. In the absence of monopoly—if no land could be withheld from use—the least valuable land in use would pay no rent and owe no tax. It is impossible to tell, even under existing conditions, what the total economic rent of the country would amount to if monopoly rent were eliminated. It is quite impossible even to guess what it would yield in revenue under altered conditions. Some think that the boom in trade consequent on the opening up of land and abolition of taxes on industry would raise economic rents and increase the returns from a land values tax, but the opposite result appears far more probable. Since economic rent measures, so to speak, the height of the hills above the valley, it follows that any decentralisation of industry and spreading out over the country of the population now concentrated in towns must tend to level those inequalities which express themselves as economic rent. This decentralisation must result from the opening up of unused land and the forcing of all land into its most productive use. Moreover, economic rents vary with all the habits and customs of the population, with methods of cultivation in agriculture and horticulture (in so far as they affect the least valuable land in use), on the rise and fall of certain industries, changes in methods of transport, &c. (e.g., the general introduction of motor cars has tended to decrease the value of land round railway stations and increase it elsewhere; and, similarly, the popularisation of aeroplanes may in the future destroy the site value of land along all roads). Therefore, it is waste of time to speculate on the precise sum ultimately derivable from land under the Single Tax. It may be far less than the present rent roll of £90,000,000; but whatever it amounts to, Single Taxers claim that it belongs to the community as a whole, and that it is the only fund which the State can justly appropriate.

Let us pass to (3), the relation of this revenue from land values to the national expenditure. The question is not whether the Single Tax will provide enough to meet the present public expenditure of £251,000,000, but whether

it will defray the necessary expenses under the new conditions. Single Taxers maintain that when the land monopoly is abolished, and access to the sources of work and wealth are thereby restored to every member of the community, then all the expenses due to the present poverty and degradation of the masses will vanish. There will be no more need for State maintenance of compulsory schools for the poverty-stricken classes; no more upkeep of workhouse for the unemployable, and organised "charity" for the unemployed; far fewer police, prisons and magistrates for the punishment of crimes committed by victims of land monopoly; no army of insurance and old-age-pension officials to salary; no impertinent inquisition by inspectors and permanent officials to pay for. In short, most of the local rates (estimated by Mr. Money at about £80,000,000) would automatically disappear, as well as a large portion of the remaining £171,000,000 of present national expenditure. The machinery for protecting the down-trodden worker will be needless, when the worker ceases to be down-trodden.

Remains the outlay on the army, and the maintenance of a three, or four, or ten-power standard in the navy. And perhaps Mr. Money thinks that a very much increased army and navy will be necessary to protect such a Utopia as I have just forecast? I agree that under free economic conditions it will be difficult to hire men to butcher their fellows for the modest price of a shilling a day. But by the time that the Liberal Party have adopted the Single Tax, and statisticians tabulated all the data necessary to good government, by then may we not hope that war, foreign or civil, will have become an antiquated and forgotten method of settling disputes between people, and that the "Services" may be partly or wholly discarded from our national bill of costs.

One word as to Mr. Money's sneer that "there is not one economist of standing in all the world who gives it (the Single Tax) countenance." It all depends on one's classification. Probably not one astronomer "of standing" in all the seventeenth century world countenanced Galileo's doctrine of the motion of the earth. Moreover, economists occupy themselves with things as they are, not with things as they might be; they are mostly quiet, studious people, and it would be strange if they left their tracks to advocate such a social revolution as is the object of the Single Tax. Mr. Money has more respect for authority and tradition than we have. He is one of those who despise armorial quarterings as a test of social worth, but insist on spiritual "ancestors" as a qualification for intellectual recognition.

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