

THE ONLY WAY

By H. G. Chancellor

Utter despair all over Europe has produced revolution and destroyed liberty and its one safeguard, representative institutions. Behind protective barriers, Governments are run by organized interests for organized interests. The people are plundered that the privileged may prosper.

Thirty millions of unemployed workers in civilized countries mean, with dependants, more than one hundred million persons living, so far as they are kept alive, on those in employment, a population over three times that of Great Britain. Their very existence threatens the employment and lowers the earnings of those by whose work they live. Standards of living are going down, and trade unions are powerless to prevent or do more than slightly retard the operation. Standards of luxury and ostentation are going up, as the daily paper accounts of society functions, especially charity functions, and even of successful burglaries, prove.

Experts from all countries again and again in Economic Conferences have declared more freedom to be the only hope of recovery. The statesmen at home, dominated by organized interests, ignore their own experts. Raising barriers higher and higher has reduced international trade to less than one half. It has thereby multiplied workless citizens, increased prices, cut wages and put workers at the mercy of masters.

RESTRICTIONS ON TRADE

Economists, in seeking remedies, find all sorts of secondary causes and propose all sorts of cures—currency, credit, rationalization, technocracy, shorter hours, compulsory restriction of output, banking reform, etc. What they will not face or mention is the primary cause from which these secondary ones flow, the robbery of the worker for the enrichment of the landowner. Whilst this continues, its effects will follow, mitigated, perhaps, in some aspects and in some degrees, by changes of season or fashion, by new invention or discovery leading to new industries and new employments, but never remedied till the cause is removed.

One tendency of restraints on trade is to foster big business combinations and monopolies, and to crush small traders, reducing numbers of free citizens to the status of employees. With these restraints the big man can more easily eliminate his small competitors and increase prices and profits without increasing output. That is why the Federation of British Industries is protectionist almost to a man. The consumer pays every time.

Another tendency is to send up the price of land, and thereby take from land users, which means everybody, an increasing proportion of their product, to give to land-owners who, as such, produce nothing at all.

Capital is only a form of labour, and in natural conditions would prosper as labour prospered and lose as labour lost. But in the artificial conditions now obtaining, the interests of landlords and capitalists, which are naturally hostile, get merged, and unite to keep down wages, and to share all the surplus above the minimum below which labour cannot or will not produce at all. That is why those who control our Press and by their wealth get returned to the House of Commons and control legislation prevent the people from knowing the facts, and the legislature from dealing with them.

Depressed wages mean shrinking demand, first for goods, then for labour, as goods not bought cease to be produced, and workers cease to be employed in making and distributing them.

Let me give a few facts to show how inevitably every restraint on trade and every improvement in human amenities robs the worker to enrich the idler.

HOW LAND VALUES RISE

Agricultural legislation just passed aims at protecting the farmer by raising prices. Price raised above its natural limit robs consumers of all the excess. It is theft legalized. For a time the proceeds go into the farmer's pocket. But not for long. Raised prices of produce soon mean raised rents for landlords or raised prices for farms. Of the extra wage spent on butter, cheese, bread, meat and

vegetables the ultimate thief is not the farmer, who at least supplies them, but the landlord who does nothing, but merely, as "owner," pockets it.

The Corn Production Act ruined hundreds of farmers or loaded them with debt. But it put millions into the pockets of landlords.

The invention of the motor car at first sight seems to have no relation to land values. But it has compelled the construction of hundreds and the reconstruction of thousands of miles of roads at a cost to the public of millions of money. By creating frontages, and by turning remote farming land into sites of "desirable residences" which the motor car has brought within easy reach of town, it has multiplied prices by ten, and even more.

Even flying has created demand in places before valueless because inaccessible, and enriched happy owners without effort on their part at the cost of users. As flying develops it will make bits of unpriced desert financially "blossom as the rose."

EFFECT OF PUBLIC IMPROVEMENTS

Of course, public money paid for land bought for public improvements taken from tax and ratepayers and given to owners is a mere fraction of what it enables them to charge extra for adjoining land not bought. By-pass roads through agricultural land have sent up prices from £50 to £1,000 per acre. This is as much a public creation as the road itself, made by all and given to some.

During the last twelve years the Middlesex County Council has spent £5,000,000 on buying land and making arterial roads, and increased the value of adjoining land by not less than £15,000,000, enabling owners to charge these millions more for using their own creation to the very people who made it.

The illustrations given show how, even in times of deep depression, the public sow and the landlord reaps a constantly increasing proportion of the total wealth produced, how public acts and private inventiveness alike crystallize in land values. The power to absorb these is a strong inducement to create artificial scarcity by extortionate monopoly charges for unused or underused land whenever required for better use, especially by public authorities. Hence the failure of housing, allotment and smallholding schemes, and the prevention of needed improvements that would keep workers busy.

LAND VALUES ARE SOCIAL VALUES

What is true of these additional values is equally true of the values existing before. These values represented the sum total of advantage their holders possessed over that of land at the "margin of cultivation," i.e., so poor or so badly situated that nobody would pay rent for it. The value inheres in the land itself, whether used or not, and irrespective of the kind of use to which it is put. It is as much a gift of nature as air or sunshine. All values of land are determined by the needs of the community, whose requirements cause demand, which fixes price or rent. An individual can by improving create an improvement value, something he has made. But no individual can create land or give it value. That can only arise when two or more require or desire it; so that land value is purely the creation of society, i.e., of the community. Any reservation of it to one member or one section is a withholding from the rest of what all have made, and to which, therefore, all are entitled.

In equity every acre should be valued and its value should go to the community.

The assessment and collection of economic rent would be done by the taxing department, and the method is known as the Taxation of Land Values, though its nature and effects are the opposite of present forms of taxation which hamper production of goods, buildings and improvements and, by making them dear, decrease their purchase and use. On the other hand, taxation of the values of land not only promotes but actually enforces production, by making the non-use or inferior use of land ruinous.

UNUSED LAND

Few have any idea of the extent to which the land of Britain is either not used at all or devoted to sport or game, or left derelict, producing no wealth and employing no

labour. The area of Great Britain is 56,205,688 acres. Of this, less than 5,000,000 are covered with buildings, including gardens and yards attached, and only 30,677,699 acres in crops and grass. This leaves over 20,000,000 acres, more than one-third of the whole area "waste or rough grazing," i.e., uncultivated. Some, such as mountain tops, may be uncultivable; but surely nothing like one-third of the total area of this island.

With recent scientific advance, millions of acres now "waste or rough grazing" could be turned into good pasture. Rothamsted, Cambridge, and other experimental stations are producing hardy wheats and grasses that flourish where such things never grew before. Quite recently a bleak Welsh hillside produced a fine crop of nourishing grass.

In 1898 Kropotkin published *Fields, Factories and Workshops*, a scientific inquiry into possibilities of production. He wrote: "Taking the powers of man over the land and over the forces of nature—such as they are at the present day—we can maintain that two or three inhabitants to each cultivable acre of land would not yet be too much."

PLENTY FOR ALL

Thirty-five years of further study and experiment have seen immense strides in "the powers of man over the land and over the forces of nature," incidentally smashing to pieces the theory of Malthus.

Comparing spade with machine culture, Mr Dawson, of Wymondham, wrote in the *News-Chronicle* of 23rd May, 1932: "For the last quarter of a century I have been getting a decent living for four or five adults from one acre of land, and that not of the best." Properly worked, the land of Great Britain would feed her 45 millions and many more with her own agricultural produce.

Under operation of this land value policy, requiring payment of the rent or value of land whether used or not, all land suitable for cultivation would be opened to the cultivator, including huge private parks, fox coverts, game preserves, and even moors. This would encourage migration from the over-crowded towns and the people so settled on the land would in their turn by their demand for goods provide so much more employment for those who remain in the towns.

Under the same pressure the difficulty of obtaining land for smallholdings and allotments would disappear, and the tens of thousands who, after waiting for years, have given up applying in despair, would get their chance to settle on the land.

Moreover, speculation in land to hold for a rise would come to an end. Building sites taxed at their full value as building land could no longer be kept idle without ruin. They would be put to the use for which they were best fitted, covered with the kind of buildings to which the sites were best suited, factories to employ and homes to house the workers, at economic rents they could afford.

That is the only way to solve the problems of housing and unemployment.

BENEFITS OF LAND VALUE TAXATION

As land values would take the place of rates and taxes, these would be needed no longer. Their abolition would give further impetus to trade, and therefore employment.

House rent, freed from oppressive rates, and living, freed from oppressive taxes, would be cheaper. The worker would get full value for his wages.

With his own produce to consume or to exchange, the weapon of starvation would disappear, and currency, banking and other problems need trouble him but little.

His share of land value that now, by draining into the pockets of non-workers, creates the scandalous contrasts of wealth and poverty, palace and slum, park and back-yard, would come back to himself in the form of public services. Monopoly in land being the basis of all monopoly, the employer, as capitalist, could only get the wages of capital, and as manager the wages of management. Great fortunes could only be earned by great service, not accumulated by monopoly.

In time wealth would come to be distributed, not equally, but equitably, according to each worker's character, capacity and industry.

Being free to employ himself he need never be out of

work, nor, when working for another, need he accept wages less satisfying than he could secure on his own. In other words, he could bargain with employers on equal terms. No man could exploit him but by his own consent.

For the first time in history, within the limits of citizenship, the working man would be a free man.

In an obituary notice of Sir John Ellerman, who was reputed to be one of the richest men in Great Britain, *The Times* (18th July) refers to the fact that he was not only interested in shipping, but was also "concerned in vast real estate transactions in both the City and West End of London." . . . The most recent real estate transaction in which Sir John Ellerman's name was mentioned was the sale of the ground rents and reversions on over 78 acres in Earl's Court. This property was sold 30 years ago by Lord Kensington for £565,000 to the late Lord Iveagh. In 1930 the Iveagh Trust sold the property to Sir John Ellerman and the Audley Trust. The property was again sold early this year. Another large transaction was the purchasing by Sir John Ellerman, in 1929, of 14 acres of the Cadogan and Hans Place Estate in Chelsea."

Credit and debt grow together. No credit can be given without the creation of debt; they are merely different names for the same thing. It is surely a very short-sighted policy which would seek to offset the evils of a past speculative boom and a past creation of unsound debt by creating a new speculative boom and new gigantic volume of unsound debt.—*Economic Bulletin* of the Chase National Bank, New York.

Nearly 36 acres at Norbury, forming part of the North Surrey Golf Course, was sold recently at the London Auction Mart for £51,000. The property is described as ripe for building.

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