

# LAND & LIBERTY

Published by THE UNITED COMMITTEE FOR THE  
TAXATION OF LAND VALUES, LTD.

Forty-First Year. Established June, 1894.

By Post 2s. 6d. per annum.

United States and Canada, 50 cents.

Editorial Offices

94 PETTY FRANCE, LONDON, S.W.1.

All communications to be addressed to the Editor.

Telegrams: "Eulav, Sowest, London." Telephone: Victoria 4508.

Postage on this issue is One Half-penny.

---

FEBRUARY, 1935.

---

## MR LLOYD GEORGE'S NEW DEAL

Whatever may be added in subsequent speeches, the ideas upon which Mr. Lloyd George's New Deal campaign is based are quite clearly revealed in his speech at Bangor on 17th January. He sets out from ground that is unassailable. We can all agree that it is shameful that millions of hardworking men and their wives and families should be living below the poverty line. We all deplore unemployment and low wages.

The real question is: Why are people so poor and how is that to be remedied? Mr. Lloyd George's answer is: "It is because of over-abundance. That is the supreme paradox of our generation. We are producing too many and too much of the commodities that these poor people need, therefore they must go without. The prolonged flood of good things has created a drought."

That is the argument of the protectionist. It is the argument of Mr. Walter Elliot in support of quotas and restrictions. Mr. Lloyd George, it is true, does not advocate tariffs, quotas or trade restrictions, but if his premises are wrong it is not surprising that his conclusions are equally wrong.

We deny entirely that the world is suffering from over-production. On the contrary, production has fallen during the past few years in all countries, and most of all in those countries in which the depression has been greatest. Such slight recovery as has taken place is associated with an increase in production and not a diminution.

To assert this is not to condone the gross inequalities in the distribution of such wealth as is being produced. On the contrary, these two things are closely connected. But it is noteworthy that Mr. Lloyd George says nothing about the mal-distribution of wealth. There is nothing in his speech of the old fiery indignation when he asked: "Who is responsible for the scheme of things whereby one man is engaged through life in grinding labour, to win a bare and precarious subsistence for himself . . . and another man who does not toil receives every hour of the day, every hour of the night whilst he slumbers, more than his poor neighbour receives in a whole year of toil?"

In 1909 Mr. Lloyd George had an answer to that question, but there is no answer to-day.

So much for the diagnosis; what of the remedies? One is that a determined effort should be made to get rid of the obstacles to world trade, commerce and shipping that have been created by tariffs, quotas and currency restrictions. We can heartily sympathise in this, though we may question whether using tariffs "ruthlessly and to the full" is likely to achieve the purpose. This is the kind of argument that the protectionist has often used to the free trader. Experience, however, has shown that tariffs are not a means of

reducing tariffs. In any event those who believe in tariffs do not really advocate them for this reason, but because they consider them to be beneficial in themselves. If no other country in the world had tariffs, the confirmed protectionist would demand them for this country, and demand them all the more strongly because of the cheapness of foreign goods produced under free trade conditions.

The main problem to be solved is unemployment. It is easy to say that the remedy is "find work for the workless instead of doles." That is a truism to which everyone will assent. The real question is how is it to be done. Mr. Lloyd George's answer is twofold—public works and agriculture.

Past experience of public works schemes is not encouraging. It may be freely admitted that there are many projects which are economically advantageous that can only be undertaken at the public expense. The provision of roads, parks and open spaces, and similar services will at once come to mind as matters which in the nature of the case cannot be undertaken by private enterprise. Nevertheless they require to be justified on their merits. Once they are justified merely or primarily because they provide work for the unemployed we run the risk of coming to the stage when men are engaged in digging holes and filling them up again. In other words, public works schemes can only be justified when they are a better means of employing the nation's resources than any other purpose to which those resources might be devoted. Public works schemes are not a means of creating something out of nothing. They have a cost, and that cost has to be defrayed by the taxpayers.

Mr. Lloyd George attempts to evade the question of cost by suggesting that his schemes should be financed by means of loans. He talks of the thousands of millions borrowed for the prosecution of the War, and contrasts that with borrowing hundreds of millions for public works. Those who have studied the finance of the War and its repercussions in after-war years must know that one of the most disastrous features of the War was that it was financed by borrowing. The creation of a vast national debt has distorted the distribution of wealth and helped to worsen the conditions of the workers. The major part of the war loans was subscribed by the small minority of wealthy people. The ultimate cost of interest and sinking fund is being spread over the whole mass of the people by vicious and burdensome taxation.

Further, it is easy to talk of idle money in the banks which is to be borrowed for public works. Men are not set to work by money. They are set to work by tools, raw materials and other tangible articles. These instruments of production have either to be diverted from other uses or else new ones have to be produced. The essence of borrowing is diverting capital from one use to another. In itself it does not give more employment. The person who is willing to pay the highest price gets the capital available and therefore normally the capital is devoted to its most productive purpose. If the State enters as a competitor it may actually divert the capital to a less productive purpose.

In any case capital and labour cannot be employed without land. Experience has shown how large a part of the cost of public works schemes goes in the price of land, and how in many cases they are completely frustrated on that account. Mr. Lloyd George has nothing to say about that. He has nothing to say about the land question generally. The only phase of it he mentions is agriculture. He suggests that the number of people engaged in cultivating the soil should be doubled, but the only indication of how it should



be done is that there should be a good marketing system. Not a word about the price of land. Nothing about reducing rent.

It is indeed true that we must "bring into fruitful activity our unutilized labour, our idle capital, and our undeveloped resources and opportunities." What prevents that from being done? The rate of interest has not been so low for a generation. It can hardly be suggested that wages are too high. What is too high is land value. It is because of the price asked for natural resources that they are unused. Can Mr Lloyd George not read the signs of the times? Does he not see that land values are rising? And as that is taking

place we see that unemployment is becoming stationary again. After falling somewhat from its peak point of 1933 the percentage of unemployed during the past seven months has remained practically constant.

In short the failure of Mr Lloyd George's New Deal is measured by its reluctance to attack any vested interest. His denunciation of the existing system will meet with ready sympathy from all reformers. His aspirations for a better state of society will be shared by all thinking men. It is the plan for destroying what is wrong in our social system and for building up a better one that is lacking.

F. C. R. D.