general and not by the owners of the land. They are therefore morally the property of the community and should be taken to cover the cost of public services. Instead, under our present system, they go into private pockets while men are robbed of the products of their labour and investments by unjust taxation.

Books have been written on the subject of Land-Value Taxation and it is manifestly impossible to state the full case in a brief article, but let us look at the effects its application would have on some of the problems which, according to a recent Gallup Poll, are among the most urgent facing the Government at the present time.

1. The Economic situation, prices, etc. Land-Value Taxation would increase the production of wealth in two ways. It would permit the reduction and possibly the abolition of the present taxation which penalises production, and it would bring more of our natural resources into productive use. *Anyone holding valuable land out of use for speculative reasons would either start using it himself to produce a return out of which to pay the tax or get rid of it to someone else who wanted to use it.*

2. Strikes. The value of wages would be increased both by the reduction of prices and by the reduction of taxes on labour and its products. The reduction of our present taxation would also reduce production-costs, and so permit the payment of higher wages, while the additional opportunities offered to labour on the extra land brought into use would, by reducing competition for jobs, enable workers to secure this increase. These combined effects would make strikes unnecessary.

3. Unemployment. With extra land forced into use by the tax, opportunities for employment would be enormously increased. It is extremely unlikely that under these conditions there would be any possibility of involuntary unemployment among those fit to work.

4. Housing and rents. The present housing shortage enables very high rents to be obtained for houses wherever they are not controlled. Though a contributory factor in this shortage is the inflated cost of materials caused by import duties, the main cause, as we are officially told in West Ham, where the problem is more acute than anywhere else in the country, is "the acute shortage of land available for housing." Yet, even in West Ham, there are thousands of sites lying idle and many more under-used.

A tax on land values would reduce the selling price of land in direct proportion to the rate of tax, as the price is a capitalisation of the rent which the owner can expect to receive over a period in the future.

I hope that, in the space available, I have said enough to suggest that Land Value Taxation is something more than "just another tax."

Britain Must Quit the I.M.F.

By J. FRANCIS EGGLESTON, A.I.B.*

SINCE the end of the War, our economy has been completely, recurrently and frequently bedevilled by the Dollar Question. This is due, to a large extent, to the faulty mechanism of the International Monetary Fund.

All over the world, with the compliance and encouragement of the International Monetary Fund, indeed by the Rules themselves, Central Banks have become vast vacuum pumps, sucking gold and silver, the life's blood of circulating money, out of the currency, and thrusting out the dross of paper, cupro-nickel and even baser metals. All these meaningless promises to pay are the causes of inflation—for is not inflation a mere euphemism for BAD MONEY?

No learned articles written by the Staff of the International Monetary Fund, no dissertation of economists can add one iota to the great truth that a healthy and sound currency, freely purchaseable and saleable, freely transferable over accounts in London, exportable and importable, becomes, when freed of the tangle of impossible legislation, an internationally acceptable currency.

Every notice exhibited in a Bank that only £10 may be taken out in Notes damages the international liquidity of Sterling. In any case it is a rake-up from the forgotten past, for even Erasmus was stripped of his money at the port of egress under Control Regulations, and in 1641 the State of Philadelphia prohibited the export from the State of more than £10.

The articles written in International Monetary Fund publications are truly fantastic. Here is a little of a rich mixture. An assistant chief of the Statistics Division, a graduate of Harvard College, writes an article on:

DEVALUATION VERSUS IMPORT RESTRICTIONS AS AN INSTRUMENT FOR IMPROVING TRADE BALANCE.

The writer puts forward formulae which would make those of Einstein look like simple multiplication tables. Here is one :

$$ckM(e_{hmd} + E_{fxd} - 1) > ckMe_{hmd} + kMe_{fxd}$$

What it means is anyone's guess, but as Trade has succeeded in balancing itself for about two thousand years without this fantastic formula, then neither Import Restrictions nor Devaluation is necessary to balance Trade. All that is needed is absence of Exchange Control and Rules of the IMF.

Then we have Machlup's Criticism of Compensatory Official Financing. Then we are told "The Fund has taken account of the interdependence of supply and demand . . ." This is really wonderful—they will be finding out that the world is round one of these days ! Fundamental Disequilibria which the Fund has produced

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as a universal commodity is dealt with quite profusely. The final IMMEDIATE EFFECTS OF DEVALUATION which is, of course, a great product of IMF stupidity and ridiculous rules, is dealt with by a series of Greek letters and equations which completely defy my typewriter to record or my brain to follow.

Now let us consider the Rules which rendered Lord Keynes almost delirious with joy when they were finally rushed through Parliament in about five minutes on that unlucky day (for Sterling), December 13, 1945.

Executive Directors receive tax-free $17,000 and Alternates $14,000 tax free, whilst the Managing Director gets $30,000 per annum. It is hardly likely that they will suddenly discover Gresham's Law and find that the financial world could get along about ten times better without an International Monetary Fund.

Here is one Rule which condones every Exchange Control stupidity practised from London to Singapore or Hobart. (Canada has already thrown all these overboard to her great benefit).

> Section 3: Members may exercise such controls as are necessary to regulate international capital movements, but no member may exercise these controls in a manner which will restrict payments for current transactions or which will unduly delay transfers of funds in settlement of commitments, *EXCEPT AS PROVIDED IN ARTICLE VII, Section 3 (b) and in ARTICLE XIV, Section 2.*

To such vague stupidity has the governance of Sterling fallen !

Article VII, dealing with scarce currencies, is nearly two pages long but the real reason for scarcity—that market price is not paid—is completely ignored. The clauses contain much that would make an exchange dealer in London hot under the collar. They are sheer economic nonsense. But when the article was passed by Congress Roy Harrod wrote a book entitled *A Page of British Folly* in which he declared that there should be national rejoicing over these two pages.

The Swiss bankers took one look and declared that they would have nothing to do with Clauses which would —for specious arguments—force a country with " scarce currency " to issue more fiat money to make it " plentiful " and also suffer import blocks on their goods. The result is that the Swiss currency is the strongest in the world, and Sterling blunders from crisis to crisis.

There is, however, one very sensible clause on page 30 of the Articles of Agreement. Let us print this bold and invoke it without delay:

ARTICLE XV—Withdrawal from Membership

Section 1. Right of Members to Withdraw: Any Member may withdraw from the Fund at any time by transmitting a notice in writing to the Fund at its Principal Office.

WITHDRAWAL SHALL BECOME EFFECTIVE ON THE DATE SUCH NOTICE IS RECEIVED.

Let Britain then set a target to get out of Dollar Debt. A free market for dollars in London should be permitted. The DOLLAR RESERVE used for paying dollar debt. The Gold should be sold on the Free Markets of the world for Dollars and those also used for wiping out Dollar Debt. Then let us buy dollars from Toronto to Tokyo—it is the world's best export boost. One has only to study how the French export trade soared when they bought gold and Bills of Exchange in every part of the world to pay the Prussian indemnity after the war of 1870.

Then, and not before, Sterling will be the currency which brought the word " Sterling " into the dictionary as meaning something of genuine and permanent value. Until then Sterling will be a mere appanage of the Dollar and will continue to lose value at about 5 per cent per annum. In 80 years a cup of tea will then cost £1.

It has happened in many countries and it *CAN* happen here.

HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

CLASSES in economics and social philosophy which began this autumn are continuing with good attendance. Three Liberal Associations now have classes running especially for them. At **Mitcham,** the class was started at the instigation of Dr. Roy Douglas, prospective Liberal candidate, and organised by Mr. G. R. Godfrey; the tutor is Mr. C. W. Nairne. **West Ham South** Liberals have two classes. Both are being conducted by Mr. Oliver French, the local prospective Liberal candidate. Mr. K. W. Baynes assisted by Mr. D. Hellings is running a class for Liberals at the **Ilford** Liberal Club. It is good that rank and file Liberals are showing this interest in fundamental economics and true liberal philosophy.

Teddy Boys broke up the first night of a new class held in **Bermondsey** on October 10. These uninvited guests forced their way into the classroom and threatened the small group of students with violence. The tutor, Mr. Alan Hall, tactfully steered them to the door and to avoid further trouble, vacated the church hall where the class was being held. The class is now being held at Mr. Hall's home. The Teddy Boys were not agents of privileged interests, indeed they and their kind have often been labelled under privileged. But they could not be expected to understand that the school was working on their behalf—though not as Teddy Boys, we hasten to add. Mr. Hall wisely did not attempt any philosophical observations on these matters at the time.

The annual Christmas party and dance of the H.G.S.S.S. will be held this year at the City of Westminster Territorial headquarters on December 6. Past and present students, friends of the School and LAND & LIBERTY readers are most cordially invited. See inside cover.