

The Correct vs. the Swope Plan for "The Stabilization of Industry"

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In the article "Gerard Swope's 'Stabilization of Industry' Not So Stable," in LAND AND FREEDOM for November-December, 1931, criticism was levelled at the proposals of Mr. Swope's plan, and the charge made that the plan did not offer nor in any way attempt to offer, much less secure, work for the men that, as Mr. Swope said in the opening paragraph of his address to the National Electrical Manufacturers' Association at the Hotel Commodore, New York City, on September 16, 1931, "are able to work, are competent workers" and "who above all things desire to work" but "cannot find work to do."

The article referred to points to the fact that the problem Mr. Swope poses in the opening paragraph of his address as above quoted is an economic, not an industrial one, and to the further fact that the proposals in the plan, namely, "A Workmen's Compensation Act," "Life and Disability Insurance," "Pensions" and "Unemployment Insurance," all to be provided by industry, not by government (the worker paying one-half the cost, the consumer the other half), are industrial remedies or attempts at remedies and therefore impotent, indeed not even really intended, to obtain the relief that Mr. Swope's opening paragraph points to as imperative.

Is it not time that industry and labor both awoke to the fact that the problems that confront them are basically economic, not industrial? Is it not time that they, industry and labor, both realize that their substance, their product, their wealth, their thrift, their every effort and invention is being drained from them by the alchemy of land ownership and absorbed by the rent of land?

Less than ten per cent of the population absorbs more than sixty per cent of all wealth and production in the country, leaving less than forty per cent of production to be divided among more than ninety per cent of the population.

Less than ten per cent of the population owns all the land and natural resources in the country, and finally gets all the rent royalties, special dividends and interest that such ownership commands. Does it require a mathematician to figure what the process of wealth abstraction is?

The power to collect rent for the use of land and for the natural resources of the earth, privately exercised, is the power to milk Industry and Labor of their product; it is the power to hold land and natural resources out of use until such payments as it deems sufficient are paid or an obligation to pay them is assumed.

Is it any wonder that land is idle? Is it any wonder that business is stagnant? Is it any wonder that industry suffers? Is it any wonder that there is unemployment? Idle

land means idle men; idle men means less consumption, less demand for commodities, less business, further decrease in the demand for labor, still greater unemployment.

Thus the vicious circle starts with idle land and idle natural resources, all of which are absolutely owned and controlled by less than ten per cent of the population, who through their ownership of all land squeeze out of ninety per cent of the population over sixty per cent of all their product. What help are Workmen's Compensation Acts, Life and Disability Insurance, Pensions and Unemployment Insurance to the man that is out of work now and cannot find it? About as much as a customer without money or credit is to the idle merchant!

Tax the value of land and natural resources and see how fast these will be put into use; how fast and to what great extent they will employ labor and capital, and how fast unemployment and idle capital will disappear, and with them low wages, low interest, poor business, hard times and industrial depression.

A tax on land and natural resources has the opposite effect of a tax on wealth, industry, production, buildings or labor products. A tax on the latter tends to make them go into hiding or to disappear altogether; at best it is a burden to the individual taxed and to the community. A tax on land value and on the value of natural resources forces these into use, creates employment, enhances business and establishes prosperity.

Land-value taxes being sufficient to defray all the legitimate requirements of government, it will then, too, become possible to reduce and eventually abolish altogether all the burdensome taxation on industry, building enterprises and incomes, all tariffs, tolls and taxes that now hamper and hamstring human effort and thrift.

If Mr. Swope really is disturbed at the aspect that "men who are able to work, who are competent workers, who above all things desire to work, cannot find work to do," and really means ultimately to eliminate that "disturbing aspect," there is the remedy—the remedy that will achieve the desired result and that will permanently maintain it!

Nor is it the worker merely, the man out of employment, that is to be ultimately considered. Industry itself is stagnated; business men, manufacturers, storekeepers, merchants, all are similarly situated, comparatively, as is the man out of employment. Capital is idle and no one seems to know how to put it to work; interest is not collectible; wealth is not secure.

Mr. Swope no doubt wants the evil that is producing the entire business depression "first ameliorated" and "ultimately eliminated." But how? His scheme is not

even intended to do either. It would pay Mr. Swope and Industry to pause and heed.

Society, civilization, are on trial. Shall the structure that has taken thousands of years to build, our heritage of ages of effort, of striving, of suffering for ideals that have become sacred, all be sacrificed now to shortsightedness and to greed? Shall individualism, liberty, freedom of thought and of action, the home, morality, culture, all be cast into the discard?

Is democracy to make way for untried and unproved schemes that have only unreasoned might and unscrupulous power behind them?

Yes, Mr. Swope, "it surely will be done," as you predict in your address. But what?

Denmark's Land-Value Tax

INCREASED ECONOMIC AND SOCIAL BETTERMENTS STEADILY FOLLOW THE STEP-BY-STEP ACCEPTANCE OF HENRY GEORGE'S PRINCIPLES

IT is now nearly five years since the act of March, 1926, regarding land-value taxation was carried through the Danish Parliament and signed by the King. The act was carried in the face of opposition by the city landowners, who tried to prevent it by sending out pamphlets in which landowners big and little in country and city were told they were going to be ruined. But nevertheless the act was forthwith put into force. What are the results of these years of experience?

Of course no one claims that Denmark now has the Single Tax. Far from it. This measure was only the second small instalment of taxation of land values, the first being a national land-value tax put into force in 1924 taking the small amount of 1.50 kroner per 1,000 kroner land value.

The significance of the reform is best illustrated by giving the percentages in accordance with which the tax on land value is levied. The latest official information from the Danish Statistical Department is at hand for the financial years 1930-1931, comprising the local as well as the State taxes:

	<i>In the capital per 1,000 kroner</i>	<i>Provincial towns per 1,000 kroner</i>	<i>Country districts per 1,000 kroner</i>
1930-31.....	9.0	6.51	15.51
1931-32.....	9.0	7.18	16.53

The total amount levied is for the years shown in the following table:

	<i>Capital 1,000,000 kroner</i>	<i>Provincial 1,000,000 kroner</i>	<i>Country 1,000,000 kroner</i>	<i>Total 1,000,000 kroner</i>
1930-31.....	9.9	4.4	48.9	63.2
1931-32.....	10.5	4.9	49.0	64.4
Population 1930	723,000	788,000	2,040,000	3,551,000

The total amount of land-value taxes corresponds to very nearly 10 per cent of the total amount of taxes in Denmark, a little more in the country districts, and somewhat less in the towns.

This being the case, it is of course difficult to tell the economic effects of the change in taxation that is so small, especially in the country districts. Even before the reform we had taxation levied upon land value, especially in the country districts. In face of the Danish crown's going into par in 1926, and the general reduction in the prices of products in the world market, it is difficult to discern the effects of the taxation of land values. Of course the world depression is hampering industrial development in Denmark as elsewhere. The decreased buying power of our customers in England and Germany is also keeping the prices of our products lower than they normally would be.

Though prices are steadily declining, our production is increasing. Our production of butter and bacon, our most important articles of export, is interesting, as filed for the years 1922-1930:

	<i>Butter production 1,000,000 kilograms</i>	<i>Hogs delivered at bacon factories 1,000,000 kilograms</i>
1922.....	120	144.0
1923.....	132	221.9
1924.....	140	261.6
1925.....	141	244.8
1926.....	150	249.4
1927.....	162	331.4
1928.....	166	349.3
1929.....	179	324.6
1930.....	190	398.6

The production of butter from 1922 to 1926 was increased by 25 per cent, and from 1926 to 1930 by 27 per cent. The increase in mill. kg. of hogs delivered from 1922 to 1926 has been 105.4, and from 1926 to 1930 149.2 mill. kg.

The Danish bacon has in a few years outdistanced all countries in the English market in quantity as well as quality. Owing to the declining prices the value of the export has not risen in the same proportion as the quantity. At present the decline in prices is very marked. The index for exported articles in 1926 was 212, and is now for the month of October, 1931, only 96. The corresponding figures for the value of export surplus of agricultural products in 1926 are 847.9 mill kroner, and in 1930 930.6 mill kroner.

These figures show more than anything else can the solid development of Danish agriculture that apparently proceeds unhampered by the general world depression. Of course it is hard times for Danish agriculture as it is for agriculture everywhere. But what are the causes?

(1) The high prices which have been paid for farms in times of inflation from 1912 to 1926. These prices do not now correspond to the prices paid for agricultural products. The farms, the land on which farming is done, must be reduced in price before normal times can be reached.

(2) The enormous load of taxes which in great part are shifted to the farmer's shoulders because he is compelled to take the prices for his products that the world market affords.

(3) The high prices of industrial products used on the farm, in the main caused by the high tariff on such prod-