

## PASSAGE AT ARMS WITH THE CRITICS

### A Liberal and a Socialist Join Forces

One of the most astonishing articles ever to be published appeared in the *Liberal News*, March 12. Entitled "Henry George in the Twentieth Century," it was contributed by Mr. James G. Lunt, whom the editor in a subsequent issue described as "an original thinker with an exceptional record of devoted work for the Liberal Party in his own constituency." From all over the country a flood of letters streamed into the offices of the *Liberal News* contesting Mr. Lunt's ridiculous assertions. With due acknowledgments to the editor we reprint Mr. Lunt's article here in full. The correspondence rebutting his contentions appears on pages 48 and 49.

#### "Henry George in the Twentieth Century" Mr. James G. Lunt in "Liberal News," March 12

From a seat in the middle of the twentieth century, Land Value Taxation appears to be as grotesquely inadequate as it is fundamentally sound. The Rent of Land is but a part of the rent of property, but of this total rent nearly half, sometimes more, is taken in local taxation—rates—and of what is left, an allowance for maintenance having been deducted, nearly half is taken in Schedule A tax and sometimes more still in surtax. So to advocate Land Value Taxation is to demand that of which we already have a surfeit.

Henry George, the author of Land Value Taxation, was somewhat of a genius. Privileged as he was to live in San Francisco when the railroad came through from the east, it was with his own eyes that he saw Western civilization pour through the Rockies and flood the Californian coastal plain. Within two years came changes which would normally have taken a lifetime.

#### Landlord and Capitalist

He saw much, and was deeply moved by what he saw; landlords rising to wealth in idleness and workers sinking to poverty in spite of their skill and industry. His remedy, Land Value Taxation, would have done much to reduce the poverty and misery of his day.

He did not see that in an industrial community the place of the landlord as villain of the piece is taken by the owner of capital. In new countries rents are low and wages high and he saw that as time went on rents rose and wages came down. He saw that as wages came down, so too did rates of interest. Capital he regarded as accumulated labour.

What he did not notice was that because capital accumulates, although rates of interest go down the total amount of interest goes up with rent. The stranglehold of capital increases every year. Capital is but fertilizer which is applied to the land and becomes part of it. Capital is but man-made Land and Land is Nature's Capital.

Although Henry George proposed to take from the landlords the rent which they had stolen from the workers, he made no provision for its return to the workers, except in the reduction of general taxation.

He proposed to tax Land Values to extinction, till the whole of the rent went to the State, but he did not realize that the consequences of this would be the neglect of land, by the owners, as has happened in this country recently with certain classes of house property. To neglect houses is a mistake, to neglect the land is suicide.

Henry George lived and prescribed his remedy in a land where poverty was endemic. He therefore did not see that in the future it might be that opposite evils would demand opposite remedies, and that Inflation would require a reverse policy to his Land Value Taxation.

#### What he would say to-day

Were Henry George here to-day, and in his prime, he would not talk Land Value Taxation. With our twentieth century experience behind him he would want something more potent and more subtle, more vigorous and yet more adaptable to rapidly changing conditions and circumstances.

I believe that he would demand that Unemployment when it threatened be avoided by increased taxation of Rent, Interest and Profit, the rewards of ownership of Land, Money and Capital, and decreased taxation of Wages and Salaries, the rewards of industry and effort; and alternatively that Inflation, when it threatened, be met by a contrary policy.

#### Henry George and Lord Keynes Mr. Lunt replies to his critics

May I thank your many correspondents who have written in response to my article? I should like, within the limits of my powers, to answer each of them individually. That there have been so many letters is ample evidence of Liberal loyalty, but alas! it is loyalty to the past, whereas what is now most needed is loyalty to the future.

I am a disciple of Henry George and it has been my joy to discover for myself in the sophisticated arguments of Keynes the development and fulfilment of the simple theme of Henry George. It is a delight that I should like to share with my Liberal friends, but they, judging from their letters, know nothing of the teaching of Keynes. I therefore ask them, one and all, to read Keynes' book, *The General Theory of Employment, Interest and Money* (1936). It will cost them some effort, but their reward will be the realization that time has not stood still since Henry George laid down his pen in 1879, and that, in a world fantastic beyond his wildest dreams, the fight against poverty, unemployment and economic injustice is still going on.

Keynes, and I too, are both on the same side as George himself.

#### Debate in a Scottish Socialist Paper

A critical review of the new condensed edition of Henry George's *Progress and Poverty* appeared in the Scottish Socialist weekly journal *Forward*, February 27. Entitled "The Great Illusion" it was contributed by Dr. William Cormack, an able critic. In a letter published March 20, Mr. V. H. Blundell, Director of Studies at the Henry George School of Social Science, London, corrected this reviewer on a number of points of fact. A lively and extensive debate developed. Dr. Cormack replied, April 3, under the heading "The Delusions of the Single Taxers." Mr. Blundell responded with a half-page letter (April 24) editorially entitled "The Single Taxers: Round Three," and this brought forth the next week an equally long reply from Dr. Cormack headed "Fifth Round in the Single Tax Debate." We publish here Mr. Blundell's first letter. The debate continues.

#### "Not a Panacea"

##### Mr. V. H. Blundell in "Forward" March 20

Dr. Wm. S. Cormack's review of *Progress and Poverty* is so full of mis-statements, assumptions, half-truths and unashamed prejudice that it is difficult to regard it as a review at all. At least he should be corrected on the following points:

(1) Henry George did not offer *Progress and Poverty* as a panacea for all ills and he says so. Dr. Cormack should re-read his works. Henry George said that the reform he advocated was the first great reform.

(2) George did not say that "profits" are in no way responsible for poverty. Indeed he showed that much of what is called profits was nothing but land-rent and capitalized privilege. Your reviewer does not trouble to define "profits" and blandly ignores George's definition.

(3) George did not advocate that land should be "allotted to the bidder prepared to pay the highest rent." This seems to indicate some gigantic auction and nothing was further from Henry George's mind.

(4) To ask for "statistical proof" that the rent of land would equal the revenue required is to ignore the point of issue. Dr. Cormack assumes that only rent is variable, but is not Government expenditure variable? So much is taken now-a-days

by the State in taxation in order to relieve poverty and to hand back in social services, that the Government might well take 99 per cent of the national income eventually and redistribute it in a variety of "services" (The Slave State). How then could rent under these conditions equal rent + wages + interest? Of course Henry George's ideas would not be "practicable" under these conditions but then, it was these very conditions that George opposed. He was for limiting the powers of the State and thus its revenue. However, it is the principle that matters and the principle cannot be disproved however much one may juggle with statistics.

(5) George is accused of reducing everything to laws. Since political economy is a science, what is wrong with this? Dr. Cormack might as well accuse physicists of reducing everything to laws!

(6) The figures quoted by Dr. Cormack are useless. He states that in 1951 combined rental of land and buildings was £456 millions. How does he know? How does the Government know? There has been no complete and accurate valuation of land in this country since the time of William the Conqueror and it would be of no use Dr. Cormack quoting Schedule A; it is hopelessly out of date and does not include the value of land held out of use nor land rents which figure under profits.

(7) Dr. Cormack says landlords are not able to get away with the increase in production resulting from improved technique. He does not include himself in the landlord class evidently, yet economically speaking, he is of that class, if he is paying rent fixed 50 or more years ago and enjoying its present-day value.

## Radical Reformers versus Free Economists

### A "Manchester Guardian" Correspondence

A motion on "unity of purpose" tabled by the Union of University Liberal Societies for adoption by the Liberal Party Assembly was reported by the *Manchester Guardian*, April 1. The motion read in part: "That this assembly affirms that there is no essential political contradiction between the principle of social welfare and that of a liberalized economy. It recognizes that there are, and always have been, two distinct yet interdependent traditions in Liberal thought . . . While recognizing as Liberal the aims and principles of the advocates of social welfare and economic libertarianism alike, the party affirms that it cannot give preferential emphasis to one at the expense of the other . . ."

#### "Liberty or Welfare?"

On behalf of the committee of the Radical Reform Group within the Liberal Party whose slogan is "Social Welfare Without Socialism," the Chairman, Mr. E. F. Allison, and the Secretary, Mr. Peter Grafton, in a letter to the *Manchester Guardian*, April 17, wrote: "Gladstone, Asquith, and Ramsay Muir all declared that liberalism had never been identified with *laissez-faire*. The 'economic libertarians' are asking for the overthrow of all that Liberals have stood for in the past fifty years. It is absurd to suggest, with the assembly resolution, that all that is involved here is a difference of emphasis.

"It is equally ridiculous to claim that a conciliation is possible between irreconcilables. How does one compromise between having and not having a National Health Service, between intervention and no intervention by the State to maintain full employment, or between legislation and no legislation to introduce co-ownership in industry?

"The unity of the Liberal Party has already been destroyed by the refusal of some members to accept the policies upheld by the party over the years . . . We hope the rank and file Liberals will force the leadership to make up its mind which way it is going. There lies the only hope of unity."

#### "Real Freedom Ensures True Welfare"

Response to the Radical Reformers was made in a letter published April 20 over the signatures of five Liberal advocates of the free economy based on land value taxation and free trade, *viz.*, Messrs. S. W. Alexander, Louis A. de Pinna, J. S. Harding, I. J. Hyam and Oliver Smedley. They wrote: "Under the

Liberal governments from 1906 until the outbreak of war in 1914 free trade and *laissez-faire* which, in its true sense, is freedom to produce, travel, and trade and not, as suggested by your two correspondents, freedom to exploit the people, went hand in hand with social justice for the people.

"There is no question of compromising 'between having and not having a National Health Service, between intervention and no intervention by the State to maintain full employment.' The true Liberal aim is, by its trade and land value tax policies, to restore prosperity and so diminish the need for State National Health Service, especially for the many patients as well as doctors who prefer a personal medical service, and to reduce the need for 'intervention by the State to maintain employment.'

"As for 'intervention by the State to maintain full employment' the advocates of a free economy require government intervention to free trade and ensure, as past and present experience in countries practising a free economy show, the highest practical level of employment in present as well as in more stable peace-time conditions.

"As for 'legislation to introduce co-ownership in industry' this is widely unacceptable to, as we think, the majority of Liberals throughout the country.

"Both *laissez-faire* and social justice have worked in harmony under Liberal governments without any disadvantage to either principle, and the advocates of a free economy would no more abandon the one than the other. *Laissez-faire* by no means proposes, as your two correspondents allege, the neglect of the needy. Now that the demand for a free economy is making more and more headway throughout the Western democracies, it would be a mockery if the Liberal party in this country were to be seduced, by enervating socialistic influence, from its historical rôle of combining these two non-exclusive principles for the common good of mankind."

## Taxation or Nationalization? Publicity in the "Co-operative News"

The *Co-operative News*, March 13, published the following extracts from a number of letters which it had received commenting upon the speech at Bristol by the Rt. Hon. George Brown, M.P., reported in our previous issue:

Mr. Brown made the distinction between land nationalization and the taxation of land values quite clear when he pointed out that the difference was between paying out millions of pounds of taxpayers' money, and collecting from the landowners the economic rent of land which rightfully belongs to the people. The only true value of land is this economic rent, which is created by the lives and activities of the community. But I do take issue with Mr. Brown when he says that the taxation and rating of land values would provide an additional source of revenue. The full benefits of the taxation of land values can never be realized unless taxation is reduced and abolished from the rewards of labour.—STEPHEN MARTIN.

While it has to be agreed, on any grounds, that land-owners are not entitled to compensation, the true merit of the taxation of land values lies in the fact that this reform would not only break the monopoly and destroy the speculative value of land, and thus reduce the cost of everything we produce; but it would enable taxation at present levied on all modes of production to be reduced and ensure that he who lives by the sweat of his brow, or brain, would reap the full reward of his labours.—WILLIAM E. BLAND, President, Land Value Taxation League.

The policy of land value taxation and rating is simple, just, and practicable, as its partial application in many countries abroad has amply demonstrated. On the other hand, the nationalization proposals in the national committee's policy statement *Land Ownership* are impracticable, contradictory, and utterly immoral. Their plan to confirm and consolidate the private appropriation of community created land values is an outrageous scandal.—DICK PETERS.

*In the same issue of the "Co-operative News" appeared also letters from Mr. F. H. Brookes and Mr. W. E. Fox dealing with other aspects of the case for the taxation of land values.*