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The Sterling Pound

In a question put in the House of Commons on January 31, 1949, answer was given that if 100 be taken as index of the pound's average purchasing power in June, 1914, the average in 1939 was 63 and in 1945 it was 42. The further decline, or depreciation, in the value of the pound was shown in replies given by Sir Stafford Cripps in the House of Commons on July 11 and July 18 of this year. The matter was stated like this: If the pound had a purchasing power of 20s. in September, 1939, it was worth 10s. 6d. in May, 1950; if it had a purchasing power of 20s. in July, 1945, it was worth about 16s. in May, 1950. But that manner of statement is confusing, as if the pound can be worth 20s. at one time and more or less than 20s. at another time. The pound and 20s. (and 240 pence for that matter) are always precisely the same thing and always have an equal purchasing power, the fact being that the pounds and shillings and pence as money units have lost purchasing power in terms of goods for sale. The meaning of the comparisons made for 1939, 1945 and 1950 is that in 1950 you have to pay 20s. for goods which would have cost you 16s. in 1945 and 10s. 6d. in 1939. In the last five years, by that standard, this exchangeable medium—money—has lost 20 per cent. of its value. Accordingly the sad tale of the medium of exchange, corrupted as it is by inflation, shows as follows, tracing it back to 1914 when the pound was based on a given weight and fineness of gold and before the printing machine began to run off the paper substitute: Purchasing power in 1914 at 100; in 1939 at 63; in 1945 at 42; in 1950 at 34.

The Change in Purchasing Power

Taking the general run of things which compose the official price index, an outlay of 6s. 9d. of money as it was in 1914 procured as much as 20s. of the money which exists to-day; and it should be clear that these two "moneys" are in reality two different entities, although they have the same designation as pounds and shillings and pence. With that in mind we understand why a man with £200 a year in 1914 was not worse off than his fellow in 1950 who has £600 a year; and he who to-day earns or gains £1,000 a year is hardly better off than one whose income was £330 a year in 1914. These comparisons are derived from the official price index, but many in their experience can laugh at that as a reliable criterion, because it is incomplete and ridiculously or impossibly selective in its range of goods. Everyone looking at the actual worth of his pounds to-day can say—and grimly—that the rise in prices is extravagantly greater than statistical departments pretend it to be. Moreover, the comparisons in the cost of living do not take into account to-day's immensely increased burden of rates and taxes, save in so far as the prices of commodities are directly affected thereby. But that apart, the inflation of the currency, the meretricious device used by governments to finance their unbalanced expenditures, is a form of taxation disguised and insidious which hits hardest and without redress those who are least able to ward it off—the fixed-income pensioners, the savers of their incomes now trying to exist on their thrift and the great mass of people who in their dependence cannot strike back or have no trade union powerful enough to browbeat the state.

Wages and Prices

Against these thoughts it is asserted that money rates of wages have risen to offset and more than offset the increase in prices. Statistics again come to the rescue of those who seek satisfaction in the government policies of manipulated welfare and dictated fair shares. It can be proudly shown that in certain sections of industry money rates of wages have been raised to overtop the increase in prices; that in some chosen occupations wages have been winning the race in the vicious circle—if the figures of the price index can be trusted. But to maintain that over the whole field of trade and industry wages have so risen is flagrantly false. Sufficient contradiction is in the testimony of many Trade Unions that hundreds of thousands of their members have less than £5 a week, a wage condemned as below subsistence level. The menace of strikes to compel an increase, the violent protests against the "wage-freeze" policy of the Government (which insolently throws on wage-workers responsibility for the inflation that is its own deliberate act) belie all assertions that wages have actually risen by more than the cost of living has gone up.

Results of Inflation

This money question has its decided place in the social economy. What are the consequences of inflation? It means an increase in the money price of consumable goods, raw materials, machinery, plant, land and other tangible objects. It means, therefore, that those who own such things become better off in terms of money than they were before. In the course of time, as the consumable goods, raw materials, and produced means of production wear out or are consumed, they have to be replaced by articles produced and purchased at the new level of prices. These adjustments take more or less time in each particular case, according to the period which must elapse before the existing stock is replaced. Those who own the most durable goods will tend to gain most. Those who own the least durable goods will gain least, or may actually lose, because they are obliged to sell their stocks before the full effect of inflation and to replenish them when prices have risen still higher. Owners of land gain most of all because land does not require to be reproduced and has no cost of production. Wage earners, as a rule, lose most. Thus inflation results in a transfer of wealth in which those who have most are likely to gain most, and those who have least to lose most.

Criticism of a Swedenborg Statement

Writing in the *New Church Herald* of September 16, Mr. Frank H. Brookes makes reference to an Editorial in the issue of August 19 which quoted, presumably for general acceptance, suggestions contained in Swedenborg's *True Christian Religion*, precept No. 430. The actual words are :—

"A special public duty is the payment of rates and taxes. These are paid in a different spirit by the charitable and the uncharitable. The charitable pay them gladly, because they are collected for the protection, preservation and administration of their country and the church, and this necessitates the payment of public officials. Therefore, those who regard their country and the church as the neighbour, pay such debts willingly, and think it disgraceful to defraud the public revenue. But those who do not regard their country as the neighbour, pay them reluctantly, and as often as they can they cheat and defraud the State; for they regard only their family and its connections as the neighbour."

These suggestions, Mr. Brookes affirms, are not justified to-day whatever may have been the case in Swedenborg's time; the implication is that rates and taxes, if made by the Government, are righteous. The letter continues :—

"Few people will dispute that while countries are controlled by Governments, money must be raised to pay for them.

Legality v. Morality

"It is, however, possible for Governments to raise that money by unfair means; in which case there might be thousands of taxpayers, sensing the injustice, who do regard their country and the Church as their neighbour and pay their taxes, but dutifully and not necessarily unreluctantly and willingly, and who certainly would not defraud or pilfer.

"Hundreds of thousands of people throughout the world, who have read Henry George's book *Progress and Poverty*, of which many millions have been sold, will certainly be in this category.

"This book boldly exposes the rottenness and immorality of present-day methods of raising money for public services and shows by clear, logical and convincing argument that the natural and just source of public revenue is 'land rent.' 'In permitting the monopolisation of the natural opportunities which nature freely offers to all, we have ignored the fundamental law of justice,' he writes.

"Surprisingly few people are aware of the injustice of land monoply and in consequence are unable to sense the injustice of modern methods of raising money for public services. Land cannot be produced as saleable goods are. It is God's gift to the living, and all are dependent upon it for the welfare of the natural body. As it is made use of and developed for the provision of food, clothing and shelter, its value to the community increases.

"Because this value is created by the aggregate of communal activity, it justly belongs to the whole community and not to any one individual or group of individuals calling themselves owners, and as this value can only be realised in 'land rent,' all such rent belongs to the community and should be collected by the Government for communal purposes.

"While Governments continue to raise money by robbing wealth-producers of the fruits of their labour through the taxing of incomes, improvements to property, the production and the exchange of necessities for food, clothing and shelter, and allow land-owners, who in that capacity are non-producers, to grow rich by the mere process of extorting ever-increasing rent from land-users, and trading in land as if it were a product of human labour, there will be people who will pay taxes only as a duty, reluctantly and unwillingly.

"True charity thrives only in an atmosphere of justice, and where there is true charity there can be no lack of the benefactions of charity (*True Christian Religion*, precept No. 425.)

"Precept No. 430 loses much of its force while Governments impose unjust taxation for services naturally and economically provided for by land rent. Who would not welcome a single tax on something upon which everyone depends and that is always before our very eyes, in place of the thousand and one now imposed, many in such small amounts and in such insidious modes that he (that indefinable being, the consumer) does not notice it, and is not likely to take the trouble to remonstrate effectively?"

Municipal Corporations' Conference

Alderman C. R. Bates, of Derby, made a plea at the Association of Municipal Corporations' conference at Hastings on September 21 (*Nottingham Journal* report), for a rating system based on the taxation of land values. Taking part in a discussion on the Local Government Act, 1948, which deals with rating and valuation, Ald. Bates declared: "I am not satisfied with the Act. I think our present rating system, which is being perpetuated by this Act, is unjust and should be scrapped completely, and another system introduced where equality will be established—the taxation of land values. Under the present system of rating on the basis of property value, the thrifty man who tried to improve his house and make it better to live in was penalised by having the rateable value increased," he said. "On the other hand, the man who let his house fall into disrepair had his rates reduced." Ald. Bates also wanted to see industrial derating removed from the Statute Book. It was introduced at a time when there were three million unemployed to assist British manufacturers to meet foreign competition. It was not fair that firms making increased profits should still enjoy the advantage.

We congratulate Alderman Bates on thus raising the question in these influential circles. But there is a much worse feature in the "Derating Acts" than the privilege conferred on factories and other industrial hereditaments (they being charged with only one-quarter of the rates otherwise payable). It is the total exemption of agricultural land from local taxation however valuable it may be. That wicked injustice, gift of millions yearly to the landed interest at public expense and mainstay of a vicious land monopoly, must also be removed from the Statute