

stuck so faithfully to the primary meaning and did not complicate his argument by reference to price.

Curiously enough Mr Jorgensen, after his violent denunciation of George and his elaborate parade of statistics and rhetoric to prove that prices are high because rents are high, falls back upon a secondary argument, viz., that prices are high because taxes are high. He links this to his other argument by pointing out that taxation upon commodities is high because rent is not taken in taxation. Hence we get this chain of argument: Taxes on commodities are high. Rent is high. Rent is not taken in taxation. Therefore prices are high because rent is high.

But even this chain of argument is defective. The means by which taxation of commodities raises prices is by reducing supply. If the supply were not reduced, prices would not rise.

Although Mr Jorgensen asserts that the root of the trouble is that prices are too high, when he comes to deal with the position of the farmer (still one of the greatest sections of American economic life), he adopts a different treatment. "All farmers, he says, are receiving too little for what they *sell* and paying too much for what they *buy*." They are paying too much for what they buy because of the taxation imposed upon manufacturing and other activities of labour and capital. They are receiving too little for what they produce because of "the unnatural poverty of their customers." This not only contradicts Mr Jorgensen's main thesis, but is a particularly glaring instance of arguing from the particular to the general and of promising special benefits to special interests in similar fashion to the protectionists. If the poverty of the urban population reduces the prices of agricultural products, does not the poverty of the agriculturalist keep down the prices of urban products? If the burden of present-day taxation raises the price of manufactured articles, does it not also raise the price of agricultural products? The most that could be said in support of this deplorable chain of reasoning is that the farmers bear a disproportionately large share of taxation. But even if this were true, Mr Jorgensen could logically only have drawn the conclusion that land value taxation would benefit the farmer more than the urban producer.

Mr Jorgensen asserts that George's presentation is faulty because he looks at the matter from the point of view of the producer and not that of the consumer. Yet the fundamental principle of George's treatment is that men seek to gratify their desires with the least exertion.

The idea that economic evils are due to lack of purchasing power is a popular one to-day, and an accurate presentation of George's principles from that standpoint might have great value. It must not be forgotten, however, that the distribution of purchasing power is merely a reflex of the distribution of wealth. Mr Jorgensen says that if the taxes now levied in the United States, amounting to 7,300 million dollars annually, were repealed and replaced by land value taxation, every person in the country would gain in purchasing power by this amount or 300 dollars per family. He forgets that the landowners would lose exactly the same amount of purchasing power. Indeed, he asserts that the gain in purchasing power would be much larger because (a) the purchases of the rich do not afford as much employment as an equal expenditure by the poor and (b) that the landowners do not use all their purchasing power. The first of these reasons is unproved, and is irrelevant because we do not wish to increase work but wealth; and the second paves the way to all the fallacies of the social credit theory and of

those who explain present mal-adjustments by undue investment in capital goods.

It is not possible to pursue the discussion of these points here. We would merely repeat that they arise out of a false method of treatment which regards price as the fundamental aspect of the subject, whereas the fundamental point is that rent is a share in the distribution of wealth. Land value taxation is first of all a means of redistributing that share among the whole community. This is not to say that the secondary effects of land value taxation (which are well stated by Mr Jorgensen), such as relieving labour products from taxation, preventing the holding of land out of use, reducing the general level of rent, raising wages and stimulating production, are not also of great importance; but a scientific treatment of the subject must place first things first.

## SAFEGUARD PRODUCTIVE CAPITAL

In his latest book,\* Mr Louis Wallis has presented the case for land-value taxation in the light of its effects upon the employment of capital. The treatment is pointed, clear and effective, and calculated to arrest attention.

It will appeal to those who regard capital as the "central factor in all industry" to find this point admitted and made the basis of the argument. Mr Wallis emphasises that he means "productive capital," that is to say the actual plant and equipment used in any industry, excluding the capital value of monopoly rights, and "watered capital" beyond the real value of the industrial stock. To-day "when productive capital finds itself more and more pressed between the upper millstone of taxation and the lower millstone of inflated ground values, every kind of payment is either scaled down or stopped." The result is reduction of wages and interest and industrial depression.

This point is incisively developed and illustrated from recent economic experience, and the remedy shewn to be the untaxing of productive industry and the reduction of speculative land values through taxation of ground values.

Incidentally, the author shows that political democracy as it now exists is a compromise in which the economic power of land ownership has been safeguarded, and that the dictatorships of Germany and Italy are not so much a break with democracy as a "reassertion of aristocracy divested of its democratic clothing."

For some strange reason the author proposes to substitute for the term single tax a new name, "capretax" (*i.e.*, capital relief tax). He is wasting his time. Even the sub-title of his book, "Tax ground values and untax industry," indicates that one cannot abandon terms which have gained currency, and after all land-value taxation is something much more than a capital relief tax, it is a labour relief tax.

Like some other modern writers, Mr Wallis cannot resist having a fling at Henry George. The emphasis laid by George upon "abstract rights" and upon land-value as a "social product" is deprecated. Mr Wallis quotes a letter from Professor Edward A. Ross of Wisconsin University who writes: "I agree with you that by rearing a Utopia on the exclusive taxation of land (*sic*), Henry George interrupted the rational evolution which was going on towards recognizing land as peculiarly able to bear taxation." It would be rather difficult to find any evidence of this alleged gradual evolution. There was not anywhere in the world any

\* *Safeguard Productive Capital*. By Louis Wallis. (Doubleday, Doran & Co., New York.) 75c.

active movement towards land-value taxation when George published his ideas. The New Zealand Land Tax Act, 1878, to which Mr Wallis refers had been superseded in 1879 by the Property Tax Act which imposed taxation upon *all* property real and personal over £500 in value, and it was not until 1891 that a land-value tax was imposed, when George's writings were well known.

It is the very reverse of fact that George interrupted an economic evolution by giving land-value taxation a dubious moral basis. The moral basis, whether dubious or otherwise, had been given by many previous writers. What George gave was an economic basis, up till then very incomplete.

No doubt it is true that we know more than when Henry George wrote. If we had built nothing upon the foundation he gave we should indeed have been wasting our time. But if we project our minds back to 1870 and survey the barrenness of economic thought then, we may appreciate the revolution that George actually made.

None the less this is a stimulating book which ought to do good.

### LAND AND UNEMPLOYMENT

This posthumous work by Dr Muirhead\* is an unusual contribution to the literature of land-value taxation. It is to be regretted that the author did not live to make a final revision or to add a last chapter and a bibliography which he evidently had in mind. To compensate for this the editor, Mr Garnet Smith, has contributed an introduction on Henry George and the Single Tax, and Sir Arnold Wilson a Foreword.

This is a book which is likely to arouse intense disagreement. It is written from what in the broad sense is a conservative outlook. The author, if not a protectionist, at least condones protection for the time being. The radicals will disagree with him upon this score. On the other hand, he makes an attack upon Socialism and Trade Unions which is likely to alienate the Socialist.

Nevertheless, this is a book to be read and pondered by people of all opinions. It represents the final views of a man of wide culture, an acute observer, and a deep thinker, who has endeavoured to state a policy upon which persons of moderate opinions in all parties might unite. It is intended to appeal not to those who are convinced partisans, but to those who are still perplexed and anxious about the present economic situation of the country and are earnestly seeking a way out.

It is characteristic of the author that after a brief introductory chapter he boldly embarks first upon the problem of agricultural land, frequently regarded as the most difficult part of the subject, reserving urban land for a subsequent chapter. Other chapters deal with the benefits flowing from land-value taxation, Socialism not the remedy, other proposed remedies, misapprehensions regarding the ideas of Henry George, land the enemy—not capital, unemployment trade unions and the dole, tariffs and trade, rates taxes and tithes, the land in British politics, valuation, the unique position of land, and the taxation of land values in other countries.

It need hardly be said that this book is written in the charming style that one would expect from the author and that it is well printed and attractively bound.

Although this paper cannot be identified with all the opinions expressed, this is a book which certainly ought to be read by students of the subject.

F. C. R. D.

\* *Land and Unemployment*. By James F. Muirhead, M.A. (Oxford University Press.) 7s. 6d. net.

### THE OLD LAND TAX

Correspondents who sometimes ask for particulars of the 1697 Land Tax will be interested in the following statement given in a review (in the *Estates Gazette*) of the book *The Land Tax, Law and Practice* by Burrard Staples, published by Gee & Co., 3s. 6d. post free:—

"Land tax as we now know it evolved out of the Danegeld of Anglo-Saxon days which comprised 1s. per 'hide' or 'hyde' (an area of land allotted to a family or house), which, remembering the vast difference in the value of sterling, may have seemed onerous. Under the Conqueror the rate of 6s. per hide was imposed, and 'fifteenths' and 'tenths' came next, succeeded in Tudor times by the 'subsidy,' covering crops, cattle, or profits from lands. 'For a time,' the authors tell us, 'all three charges existed together . . . In 1692 a valuation was made, and land tax in the form we know to-day began to take shape, the Act charging at the rate of 4s. in the £. . . . The principle of raising a fixed amount was first adopted in 1697, the sum being £1,484,015 1s. 11½d. The Commissioners allocated the amount to each Hundred or Division so as to make up the total for the county or city. The Act of the following year, 1698, was re-enacted year by year down to 1797, the charge varying from 1s. to 4s., but not always exclusively a charge on land.'

"The Land Tax of 1797 made provision for the raising of £1,989,673, and the Land Tax Perpetuation Act of 1798 declared that that sum should be raised in perpetuity. The fact that the value of the properties in the counties, etc., has changed whilst the quota to be raised remained constant explains the variation in the present rates in the £. The authors give an illustration of this effect in the fact that by 1897 five parishes found that a rate of less than 1d. in the £ would redeem the whole parish quota. 'In such cases,' they add, 'no land tax will, of course, be found within the parish, and the layman may well fail to understand the tax or to perceive any fairness in its incidence.'

"The amount now required for redemption is 25 times the *tax* charged in the last assessment."

### MAKING FORTUNES

Great Britain is the scene of a new "Klondike"—a rush for land which is insidious, silent, and immensely profitable.

Keen buyers recently bought land near London for £100 an acre. Electric railway extensions and an arterial by-pass road ran near. The land has been resold for £1,000 an acre. At Morden, the new London suburb, the rush for land netted for its owners a sum estimated at £1,200,000. An acre which cost £2,000, was resold within six months for £7,000.

Even in distant Cornwall a woman recently bought two acres of land for £175. She divided this into five plots and sold them for £175 each within 18 months. In Manchester, Liverpool, Birmingham, and the great Northern cities a building boom which has never been approached for its magnitude is sending land values sky-high.—(From an article by Mr TERENCE HORSLEY in the *Daily Dispatch*, Manchester, 27th August.)

The estimate made by Mr Frank Hunt, the valuer of the London County Council, shows clearly that local authorities in London will have difficult work to find the land for the new buildings required to abolish overcrowding.—(*Manchester Guardian*, 18th September.)