



LAND & LIBERTY

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BRITISH TARIFF BARRIERS

We have been waging an unequal battle with a well-equipped adversary. He sought our ruin by flinging more goods and chattels at us than we could throw back. Our plight became alarming when the statisticians in the front line signalled that they had run short of their most effective missiles, the invisible exports; they were therefore helpless in the contest with what they called the "adverse balance of trade." A council of war was called to consider the matter. A simpleton present at the discussion questioned the utility of those invisible missiles, declaring that many of the foreigner's "gifts" were returns in the way of rent or interest on possessions acquired abroad somehow by our own nationals; and as the value of those possessions increased, often by no effort of the proprietors, there was bound to be an added flow of the injurious imports. The statisticians wished to make clear that the investments in question were "our investments abroad." They were the result of "our thrift and industry," and were lent to the foreigner for his use and enjoyment. So long as they were so used, we were rendering the foreigner a definite service, a service we were exporting from this country. The statisticians valued that service at the amount of payments the foreigner made for it, in the form of bills of exchange and other remittances. To-day, however, our investments abroad were largely locked up as "frozen assets," and on that account the foreigner could not send those bills and remittances. Accordingly the export of services, that is, the "invisible exports," had run short. It was a serious national loss and what made matters worse was that the foreigner continued to dump his wares on our shores! The simpleton was silenced, not being schooled in these profound views. It was decided to stop the flinging of goods and chattels and statistics to and fro and to make a frontal attack on the mysterious adverse trade balance, or adverse balance of payments, as it is also named.

The argument is that, apart from the other pleas for Protectionist policy, the importation of goods must be checked because two sets of figures that are largely based on guess-work will not agree. The general consumer must suffer because investors in undertakings

abroad and speculators in the natural resources of other countries are not receiving dividends and rents in usual measure. There must be a cut in wages by the instrument of tariff taxation. There must be a general levy on the people in the mass—a national sacrifice to restore a deficit that has nothing whatever to do with the national welfare. Trade is to be immolated on the altar of a mischievous fallacy.

The attack began with two skirmishes, Mr Runciman's Abnormal Importations Act and Sir John Gilmour's Horticultural Products Act, giving Government Departments the power to impose tariffs (up to 100 per cent of value) on large ranges of goods. The Orders issued under these Acts have to be confirmed by Parliament. On the 3rd February the Parliamentary Secretary to the Board of Trade (Mr Hore-Belisha) moved the approval of the third Order issued under the first Act. He was able to boast that "under our Act" or some previous Statute, 40 per cent of the imports classed as manufactured or semi-manufactured were now liable to Customs duty; but he said nothing about the deputations and well-organized lobbying of interested manufacturers, nor why they were so eager to have imports taxed.

On the 5th February, Sir John Gilmour moved the confirmation of two Orders he had issued imposing tariffs on early season fresh fruits, fresh vegetables and flowers—his penalties had fallen on cherries, currants, gooseberries, grapes, plums, strawberries and other fruits; on new potatoes, green peas, turnips, lettuce, cucumbers and other vegetables; various cut flowers and rose trees. These taxes are levied on weight or number and vary according to the time of the season. Thus from 5th January to 29th February new potatoes are taxed at the rate of 18s. 8d. per cwt.; from 1st to 31st March at the rate of 9s. 4d.; from 1st to 30th April at the rate of 4s. 8d. It all depends on the quantity of foreign sunshine contained in the goods and competing unfairly with the British. There was an omission in the first Order. Tomatoes were excluded. The tomato-growers made such a noise—shall we say about the adverse balance of trade—that the Minister was persuaded, and gave these patriots a second Order all to themselves.

But the 4th February was the field-day of the Tariff Reformers. The Chancellor of the Exchequer introduced his Bill for a general tariff of 10 per cent on all imports with certain exceptions.* The general tariff will not be super-imposed on the Customs duties already in force. Also excepted are goods from the Dominions and Colonies, giving the producers in these countries the opportunity to pocket the higher price British consumers must pay. And this will ultimately be cashed in higher land values by the owners of the land where the produce is grown or manufactured. Protection and Imperial Preference, Lord Snowden's one-time "canting hypocrisy," are established. The tariff is an all-round tax on food, including flour; only wheat, meat (but not tinned meat) and bacon are on the free list. But by the Wheat Quota and a Bacon Quota prices of these foodstuffs will also be raised for the protection of the farmer against the consumer.

The Tariff Reformers hold high festival. Their triumph has been wonderfully engineered. It was assured from the day that Lord Snowden and the Free Trade Liberals spiked their own guns, feebly protesting that Protection or Free Trade was not the issue at the General Election. The general tariff will be the foundation for a superstructure of scientific Protection, so

* The Tariff Bill, known as the Import Duties Bill, was issued on 12th February. A summary of its provisions is given on page 16.

called. That building will be in the care of a Tariff Commission with power to recommend (and its advice is not likely to be scouted by the present Administration or Parliament) additional duties on "articles of luxury which are not essential to the individual or articles which are not essential to the nation, in the sense that they can either be now or could be very shortly produced at home in substantial and sufficient quantity"—at a price, of course. The Commission will have power to recommend that the duties levied under the two Tariff Acts already named shall be continued or reduced or abolished. On the other hand the Treasury may revoke or vary any of the duties that have been levied on the recommendation of the Commission. These are the inflictions and uncertainties to which British trade and the British consumers are now to be subject under the maddest system of fiscal regulation that has ever been devised.

It is a hydra-headed monster though the Chancellor of the Exchequer gave it only seven heads. It would diminish imports and at the same time stimulate exports, and this miraculous double event would correct the balance of payments; it would fortify the finances of the country by raising fresh revenue by methods that will put no undue burden on any section of the community—mark, that it is to put *some* burden on *some* people, a gentle way of saying it is about time that the general run of people, and the working classes in particular, carried a greater burden of taxation and the direct taxpayer was relieved. The object was more bluntly stated in an earlier part of the speech, "a revenue derived from a tariff may assist industry by relieving it of some of the burdens which now press so directly and so harshly upon it." Who is this "it" but the income taxpayer and the contributor to death duties and estate duties? Or has the Chancellor in mind the ratepayers for whose sake and ultimately for the benefit of ground landlords, there is to be another Derating Act for feeding mendicant municipalities with the proceeds of the tariff?

Manifestly the revenue is to be taken from the pockets of some people and handed over to others; and the robbery is justified in the name of an unfavourable trade balance.

The bondholders* of the National Debt are to be saved from any further depreciation of the pound or mayhap will be enriched by pegging the pound at a higher purchasing value than it stands at to-day. The revenue from the tariff will see to all that. A rise in the cost of living, we are told, "might easily follow upon an unchecked depreciation of our currency." The remedy is a tariff, so unusual in its nature that while it taxes consumption and raises prices, the revenue derived is to "effect an insurance" against a fall in the exchange value of the pound. This means indirect taxation for the support of sterling to make it buy more and keep prices down. The Dollar Exchange Account that was raided by Lord Snowden in April last could, we suppose, be refilled from the new exactions on the necessities of life, so that these necessities may cost less and fewer exports may go out in payment. Never did a dog make such a rich meal of his tail. Never have we lifted ourselves so easily by our own bootstraps. "We desire," the Chancellor says, "to raise by the Customs duties a substantial contribution to the revenue and we desire also to put a general brake upon the total of the imports coming in here:" in perfect accord with the aspirations of the Tariff Reformers these past thirty years. The higher the duties, the greater will be the revenue and the more completely will we stop the goods coming in.

The tariff and the threat of more tariffs are to be used for negotiating with foreign countries. If they

listen and lower their barriers we may lower ours; but against our best interests, since we will but induce once more the flood of those so dangerous imports that are said to be the main cause of unemployment at home. There is to be an attempt at tariff bargaining that has failed so pitifully wherever it has been tried. Mr Chamberlain foresees the tariff war: "We think it prudent to arm ourselves with an instrument which shall at least be as effective as those which may be used to discriminate against us." He laughs at the futility of the Geneva Disarmament Conference and spurs on the nation to the use of those forces that lead direct to another world conflagration.

The proposals provoked discord within the Cabinet, Lord Snowden and the three Free Trade Liberals having gone the length of tendering their resignations. But they were prevailed upon to stay, their Cabinet colleagues giving them the liberty to speak and vote against the Tariff Bill. We have been asked where Lord Snowden, Sir Herbert Samuel and the others stand among those medicine men, how they can keep their place in a Protectionist Government. Sir Herbert Samuel made answer in the House of Commons on 4th February, and Lord Snowden accounted for himself in the Debate in the Lords on 10th February. We refer our readers to the report of his speech as given in another column.

The setback to Free Trade did not take place yesterday or the day before. The blame lies with all who, speaking in the name of Free Trade, stood off from or disregarded if they did not deride the fuller application of the Free Trade principle. They were not concerned that taxation was heaped upon industry and improvements through other avenues than the Customs houses; the iniquities of the local rating system were outside their scope and attention; they ignored the barriers and restrictions far more obstructive than any conceivable tariff that land monopoly erects against trade and production. It is this conception of Free Trade so incomplete, so limited, so distorted, and so callous that accounts for the headway that Protection and the belief in all sorts of State management and control has made in the popular mind. Free Trade has been brought into contempt by those who have confined it to a mere fiscal reform that had no solution to offer for the problem of unemployment or explanation of the paradox that poverty persists as wealth accumulates.

"The truth is," as Henry George wrote, "that the fallacies of Protection draw their real strength from a great fact, which is to them as the earth was to the fabled Antæus, so that they are beaten down only to spring up again. This fact is one which neither side in the controversy endeavours to explain, which Free Traders quietly ignore and Protectionist quietly utilize, but which is of all social facts most obvious and important to the working classes—the fact that as soon, at least, as a certain stage of social development is reached, there are more labourers seeking employment than can find it—a surplus, which at recurring periods of industrial depression becomes very large. Thus, the opportunity of work comes to be regarded as a privilege, and work itself to be deemed in common thought as good. Here, and not in the laboured arguments which its advocates make, or in the power of the special interests which it enlists, lies the real strength of Protection."*

That word is echoed in the further claim the Chancellor of the Exchequer offered in justification of his proposals—that they would make work in our own factories and our own fields which is now done elsewhere and thereby decrease unemployment. What is the reply of the

* *Protection or Free Trade*, in the Chapter "The Real Strength of Protection."

Free Trader, the Free Trader within brackets? It is that the Chancellor is deceived because there is unemployment also in the tariff-ridden countries, that the work he would make would be transferred, not from a factory abroad, but from the docks and the wharves or from some British industry producing for export. The unemployed man is not listening. He only knows that in a country, said to be enjoying the blessing of Free Trade, ten years or more have passed in which week by week the unemployed have been counted by the million.

GARDEN CITIES AND LAND VALUE TAXATION

By George Crosoer

Speaking at the Annual Meeting of the First Garden City, Ltd., held at Letchworth (*Citizen*, 18th December, 1931), Sir Edgar Bonham-Carter, Chairman, referring to last year's Land Value Tax Finance Act, said:—

"Speaking as your representative, I am not concerned with the merits of a plan of taxation of land values as applied to landowners generally, but the case for the exemption from any such Tax of Companies which are engaged in the development of Garden Cities and the dividend of which is limited, is unanswerable, and the incidence of the Tax, as charged by this year's Finance Act, on the Company's Land and Ground Rents, is so grossly unjust and so contrary to the public interest, that I cannot but believe that any fair-minded man whatever his political views, who takes the trouble to ascertain the facts, will agree that, if the Tax remains on the Statute Book, the Company and other similar companies must be exempted."

The case of Letchworth has by no means been overlooked by the supporters of Taxing Land Values. Among these might be mentioned Ebenezer Howard, the founder of Letchworth. And the employment of land values in the public benefit, instead of the enrichment of an individual, was the basis on which his scheme was erected. It might, perhaps, seem strange to find the Chairman of First Garden City, Ltd., denouncing the measure of valuation and taxation for which many far-seeing individuals have worked so hard, and which should attach a permanent celebrity to the name of Philip Snowden.

Sir Edgar Bonham-Carter, chairman of First Garden City, Ltd., is deservedly respected for ability and judgment together with other desirable qualities, and we have to admit his view that the case of Letchworth differs materially from that of the ordinary proprietor of land which acquires a value for building. The dividend of the ordinary shareholder is limited to 5 per cent, and any excess over that goes to a fund to be expended upon necessary improvements and public benefits. Something substantial has already been done on these lines, and more is hoped for the future. But it is by no means clear that the Budget of 1931 is so hard upon Letchworth as Sir Edgar thinks. The ground rents receivable at the present time are about £15,000, and there are other receipts of which a part only is land value. The maximum tax on the ground rents might be £2,500 without reckoning the various allowances, which are very considerable. As regards the rest of the area designed for building, the prospective or speculative value is probably much less than would at first appear. The Company cannot be regarded as a speculative holder of land; its policy has been to develop it as fast as possible, and the ground rents, especially to the earlier settlers, are quite low. These points were well brought out in Sir Edgar's speech, but it seems reasonable to infer that the "prospective" value of the land at present unused is not large and the burden of the land value tax, though appreciable, would not involve disaster to the enterprise.

Moreover, there is another side to the matter. The Company probably suffers far more from the excessive Income Tax and other industry taxation than it could do from the Land Value Tax. Income Tax is not only paid upon the ground rents and other receipts (the Act of

Without the freedom to produce, the freedom to trade can achieve nothing for the emancipation of industry. The case is in the hands of those Free Traders who can show where is the natural source of the public revenue, a source belonging to the whole community which, being appropriated, takes nothing from the earnings of labour or capital. It is to the Taxation of Land Values that the Free Trade movement must turn, united in the understanding that this is the way to remove the barriers to production and open the door to unemployment in every occupation.

A. W. M.

1931 makes large allowances for this in assessing the new tax) but it is a cause of the high rate of interest which has to be paid upon borrowed capital. Now, First Garden City, Ltd., has over £666,000 in debentures, overdrafts and similar indebtedness, upon which 6 per cent interest is paid. Many persons will remember how, before the era of excessive taxation, money could be raised at about 4 per cent upon security of the sort we are considering. If that were possible now, it would mean a saving of £10,000 yearly. The reason that it is not possible is that capital is made comparatively scarce and dear by excessive taxation, largely associated with unemployment, arising in the first place through private appropriation of land value, and aggravated by the heavy taxation and cumbrous schemes designed ostensibly for its relief.

One of the most important parts in the doctrine of Henry George is that which shows how, under present conditions, movements for the betterment of humanity are bound to end in disappointment.

AUCTIONEERS AND ESTATE AGENTS

An important Paper was read by Mr William Ridgway, P.A.S.I., before the London Junior Members of the Auctioneers' and Estate Agents' Institute, Lincoln's Inn Fields, on 10th December. It was entitled "The Evolution of Local Government," which, after an instructive historical survey, dealt particularly with the question of local taxation. Mr Ridgway condemned the existing system and advocated the rating of land values. His arguments were illustrated on the one hand by examples of the prices municipalities have had to pay for land as compared with the ridiculously unfair "rateable value" on which local rates had been previously levied; and on the other hand by the causes attending the application of the land value policy in Denmark and elsewhere. Denmark also provided by its systematic procedure and use of land value maps a lesson for ourselves in the making of land value assessments. Mr Ridgway as a chartered surveyor gave much other authoritative instruction to the junior members of his profession.

MR ANDREW MACLAREN

As we go to Press we are pleased to announce that at a meeting of the Burslem and Tunstall Labour Party Mr Andrew MacLaren, ex-M.P. for the division, was unanimously adopted as prospective Parliamentary candidate at the next election. His re-adoption was practically a foregone conclusion. There was no thought of any competing candidate.

Since the General Election, Mr MacLaren has kept in touch with his Burslem supporters, at their request. In London he has been devoting much of his time and energy to the "Tax Land Values" Bureau, at 7 St. Martin's Place, Trafalgar Square. In co-operation with Mrs Jacobs and Mrs Eastwood, he has taken a leading part in organizing the excellent series of meetings noticed in another column. His Economic Study Class, conducted week by week for the past two months and well attended, has strengthened quite a number of boundary line people in an understanding of Henry George's teaching and practical policy. It has brought new friends with conviction into the Single Tax camp.