

## LAND VALUES

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### "OUR POLICY"

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—  
*Henry George.*

## FINANCING THE WAR

The Prime Minister's "National Thrift Campaign" address in the Guildhall on 29th June explained the proposals of the new War Loan and incidentally discussed several important economic questions. Mr. Asquith mentioned four different ways in which the nation might find money to finance the war: by the sale of investments abroad; by raising a foreign loan; by payment out of the gold reserve; and by each individual diminishing his expenditure and increasing his savings. The first three were dismissed as unwise and impracticable and the fourth was accepted as the only possible method, since it would enable the nation to pay for the war "out of its own pocket" by placing the "resources of our people" at the disposal of the State. The argument led to an exhortation to the people to curtail expenditure as much as possible, followed by an appeal to invest all their savings in the new Loan.

Let us take these points separately. The first was rejected for the reasons that "our power of selling investments is limited by the power of other countries to buy," and that "if we were to try to pay for the war in this way we should end it so much poorer because the income we now receive mainly from goods and services from abroad would be proportionately and indeed permanently reduced." The language used in this explanation is most perplexing and elusive, for who are the "we" and the "our" of whom Mr. Asquith speaks? With the exception of the Suez Canal shares we as a nation have no common ownership in so-called investments, in land, buildings, railways, &c., in foreign countries; nor have we any joint share in or public benefit from the rent and interest paid on these investments in the form of goods and services imported into this country. On the contrary the foreign properties belong to a certain limited number of individuals who alone enjoy the incomes derived from that source.

The rent and interest are paid to them, not to "us." They are the only persons in a position to sell the investments, and if they did dispose of them, the proceeds of the sale are not likely to be handed over to the British Government for the British people as a free gift. The proposition, then, that foreign investments could be used as a possible source of revenue for meeting the cost of the war will not bear examination, and it is, moreover, wholly misleading to associate the idea with any national loss due to a probable decrease in imports. What might happen is simply that the investors might change their investments by transferring them from foreign markets into the hands of the British people as borrowers, provided the latter were prepared to pay at least as much interest on the debt as the return the investments had formerly been yielding. The lenders would then be in no worse case, since the annual income would still reach them in the form of "goods and services," paid by British debtors instead of as in the past by foreign occupiers of land and foreign users of capital. And "we" would suffer no relative loss in the alleged reduction in imports, seeing that at present these imports only come to "us" on condition that the importer receives something equally valuable in exchange. The British tea consumer and purchaser of bananas does not get these things for nothing. If he did, the foreign investor would have no income from his investments.

In the supposed circumstances of property abroad being sold by the owners resident in the United Kingdom, the sale would be realised by the bringing of goods into the British market. Importation, that is to say, would be in bulk as payment for the capital sum and would take the place of annual imports as payment for rent and interest on the investment. The situation of the investor would be the same as that of the landowner who sold his land outright instead of continuing to hold it and draw the rent, and it can hardly be contended that the landowner, free to choose the one alternative as against the other, would be impoverished by such a transaction. If our reasoning is sound, it is strange that Mr. Asquith should lament the sale of property in the international market as a disaster on the ground that "our" annual income from goods and services would be destroyed.

In this connection Mr. Asquith's warning against purchasing imported goods at this time introduces still more confusion. The theory is that the great excess of goods now reaching the British market has altered the value of gold to our disadvantage. A sovereign, for instance, purchases only 4.77 United States dollars now, whereas the normal exchange is 4.87 dollars. It is maintained that in the national interest it is better to keep tea, coffee, sugar, and many other imported goods out of the country than to part with gold. From that point of view has arisen almost inevitably a powerful reactionary agitation to place a tax on all imports, so as artificially to increase prices and effectively dissuade people from making purchases said to threaten the financial welfare of the country. But our analysis goes to show that the flow of imports will continue in any case, either as interest on foreign investments or as (what is quite probable at the present moment) a capital sum by the sale of the investments themselves. These imports, being as they are the return for capital invested abroad, never were and never could be paid by exports, and the attempt to stay them by taxation must prove altogether abortive. Moreover, taxation imposed on

the consumers, warmly as it would be approved by those who defend the interests of monopoly, privilege, and accumulated wealth, would nevertheless be nothing short of an outrage on the mass of the people rendered voiceless and voteless by the war and the party truce. It would also deal a damaging blow at their purchasing power, make any talk of saving absurd, and destroy every hope of their fulfilling what is regarded as their most sacred patriotic duty.

The third suggested expedient for financing the war was mentioned only to be discarded, but for reasons (the objections to "impairing the basis of the great system of credit") which are altogether inadequate. It is surprising that payment out of "our" gold reserve could even be imagined as a remote possibility. Firstly, because the Government is not an owner of gold which could be shipped abroad as national property. Like the foreign investments already discussed, gold is now in the possession of private individuals and could only be taken from them by making the people their debtors. Government notes or bills would have to be issued for the time being and circulate as money in place of the gold, but the loan would remain until paid back either directly in the form of goods and services to the lenders, who might at the same time quit their taxes with the bills, or indirectly by sending exports abroad in order to get back the gold and restore it to the lenders. Secondly, it does not follow that if this country wished to ship gold other countries would be willing to accept it in quantities running into many hundred millions of pounds sterling. We have been taught by those who long ago exposed the mercantile theory that payment for goods by gold not only does not take place between nations, but also that it could not continue for long even if it were attempted, since the receivers of the gold would sooner or later want to get rid of it in exchange for commodities and with each succeeding shipment the value of gold would steadily fall in their market.

As to the remaining expedients, borrowing abroad and borrowing at home, there is little to choose between them. Both alike place some people in debt to others, and it is surely immaterial to the borrower whether his creditor lives on the other side of the street or at the other end of the ocean. There will be a huge annual drain (much increased by the exaction of interest) on the borrower in any case, but by the ingenious use of the word "we" the debt is disguised and lender and borrower, both being British, taken together seem to lose nothing. If there is any distinction between the two kinds of borrowing, it is only a distinction similar to that between resident and absentee landownership. It could, for instance, be said that "Ireland" would have been enriched had the landlords remained in the country and spent their rents there, but even so the annual drain on the tenants would have been no less huge, and the landowners could have done no more than share their rents among their immediate dependents. All the time they and their retinue would have been maintained at the expense of the tenants out of the wealth produced by them.

The whole case is well illustrated by the figures given in the House of Commons on 17th July concerning the latest War Loan. 570 million pounds have been subscribed by 550,000 lenders through the Bank of England and 15 million by 547,000 lenders through the Post Office. It is only by courtesy and by the no doubt imposing number of subscriptions (although the bulk of the money has been provided by a few rich

individuals and a few wealthy corporations) that such a loan can be called "National," for what really has happened is that 45,000,000 people as borrowers have contracted a debt to 1,000,000 people as lenders. The great majority of the "we" have become debtors to the small minority of the "we." They have borrowed clothes, food, shelter, ships, munitions, &c., for the definite purpose they have in hand, but they will not be able to hand back the goods when the business is finished, since the goods will be destroyed. They will have to set about producing new commodities in discharge of the debt and must, if the present unjust incidence of taxation is continued, impose on themselves for many years to come that "huge annual drain" on their resources, which Mr. Asquith spoke of as the dangerous and peculiar result of a foreign loan.

The policy of borrowing all the materials required for the prosecution of war is sometimes defended on the score that it is a means of passing on to "posterity" an expenditure which ought to be paid in some measure by those who come after us because they will derive great benefits from our present undertaking. Here again is an ambiguous use of terms. It is only partially true that the living generation passes on a liability to its successors, for the debt is accompanied by a credit. This is well understood by befogged statisticians of repute, who in their calculations of national wealth and the "national dividend" actually include the amount of national debt owing to individuals. If, adding together the various loans that have been raised since the war began, 1,000 million pounds is borrowed by the nation, as the lenders die the investments are entered as part of their estates, and as such are assessed to death duties; in course of time the statisticians will be able to demonstrate that the war, far from impoverishing "posterity," has enriched it by 1,000 million pounds. Such is the wonderland of "expert" statistics. The fact is that the 1,000 million pounds represent the right of some members of the community to appropriate as their share a given portion of the commodities that will be produced by all, and it will be the duty of the Government in power to collect that wealth for them by levying taxation for the payment of interest and redemption of the loan. It is clear that the debt adds nothing to and subtracts nothing from the future national store of wealth. It merely determines, as does private property in land, the way in which the wealth will be distributed and many forces will be let loose, of which the recent City deputation to the Prime Minister is an example, to throw as much taxation as possible on the borrowers for the ostensible reason that any heavy taxation on the lenders (the super-wealthy members of the community) would be equivalent to a subtle repudiation of the debt. That belief, whether openly asserted or held in secret, will, we are bound to say, have a most important influence on future schemes for raising public revenues, and one of its first fruits is the agitation now being actively promoted for the reduction of the income tax limit and for using the Insurance Act stamp machinery to make a special levy on the wages of the working classes.

But the resort to a national loan for securing the major part of all the requirements of the war is the only possible political expedient in face of the enormous disparity in the wealth possessed by individual citizens. No Government could contemplate, and at the same time carry on the war, a requisition of all the necessary

food, clothing, shelter, &c., for that would involve such taxation as would shake to its roots every vested interest and powerful institution that now commands the sources of wealth. Not that it would be impossible to make such a requisition, since the goods and chattels now being consumed as wages to soldiers and sailors and payments to all concerned do actually exist and are actually being produced from day to day.

Meanwhile the transaction which the Government has effected reveals a significant state of affairs. Although poverty and a hard struggle for existence are the lot of the many, a comparatively small proportion of the people have had a thousand million pounds worth of superfluous goods to spare which, had the war not intervened, would have been quietly dissipated by them for their own personal comfort and satisfaction. But they have loaned the wealth, and unless taxation is wisely and justly levied they are likely to be paid back so much of it that any value attaching to the war, particularly the defence of the land to which the mass of the people have no title, will have been enjoyed by them largely as a free gift.

To elucidate the point further let us call upon our imagination for a picture of the United Kingdom as a community where wealth is equitably distributed, where there is abundance for each, where land is common property and no one can either impose restrictions on industry or live gratuitously on the labour of others. With such a community let us suppose it is necessary to devote in a cause, which every one approves and wishes to promote, a given portion of the things of general consumption without any possibility of getting other goods in exchange. How would the scheme be financed? Certainly not by a loan, for that would produce the absurdity of the Government borrowing, say, £20 or the equivalent value in goods from each person and paying back, when the loan is redeemed, £20 to each by levying a tax of £20 upon each. An ideal community of this kind would see at once that the business in hand should be paid for by an individual and equitable sacrifice of so much of the wealth in their possession as they could spare for achieving their purpose. Nor after their expensive enterprise was over would there be either unemployment or distress. The people would go on their way as usual, producing the wealth they were formerly producing, having suffered purely a temporary reduction in their normal income.

Now the fact that wealth is not equitably distributed but is notoriously concentrated in the hands of the few does not absolve the responsible Government from the obligation of paying the cost of this war from this year's store of wealth; nor does it alter in any degree the duty of the Government, if it borrows the goods, to refund the debt by taking from everyone, whether subscriber to the loan or not, whatever part of the communal wealth that person appropriates or can appropriate in the form of rent for land. The occasion has passed for discussing the payment for the war; the problem is to pay for a debt. There need be neither strife, unemployment, nor starvation as an aftermath of the war if just taxation is to be the rule, not only for immediate revenue purposes, but as a means to readjust the social wrong that has created poverty, and to abolish the privileges set up by landlordism in the way of the free and untrammelled production of wealth.

A. W. M.

## AN IMMEDIATE ISSUE

As far at least as taxation goes the party truce has come to an end. The next Budget is beginning to loom out of the dust and smoke of war and its commanding organisation. The wide-awake advocates of taxes on wages and import duties on tea, petrol, sugar and tobacco realise their opportunity, and they do not mean to let the grass grow under their feet. What are the regular free traders going to do? After their spirited campaign against taxes on goods coming into the country, are they going to accept without a protest any abandonment of their cherished principles?

We must speak for ourselves. The advocates of the taxation of land values will hardly be expected to accept this additional taxation on food and necessities or any import duty while the long-promised measure of taxation they stand for remains on the list of things left undone.

We have pleaded for a tax on land values in lieu of the cost of services now borne by the local rates, and which are universally recognised to be national in character. We have agitated for relief to the overburdened local ratepayers in this way, and by giving the local rating authorities independent power to rate the land values within their boundaries for local needs. The Prime Minister, at least one-half of the Cabinet and more than one-half of the members of the House of Commons, are fully pledged to some taxation of land values. This reform is long overdue. It has done more for the politicians than they have ever done or apparently thought of doing for it.

But this is a way the politicians have of treating the causes to which they owe most. They come to power and influence on deep life-giving issues and fritter away their precious time on things nobody asked them for, and on measures which, while they may be good enough in their way, only affect sections of the community; as a general rule much of this legislation and the talk over it have no bearing on the social condition of the people. We have no hesitation in saying that if half the time used by the late Liberal Government on palliatives that have failed to bring any degree of satisfaction to the people as a whole had been given to speeding up the taxation of land values there would be no demand to-day worth heeding for additional taxation on the necessities of life.

The circumstances of the situation caused by the war make short work of such reflections. But we must look the facts in the face. The protectionists have signified their intention of securing something in their line from the conflagration, and it looks as if they would obtain what they seek. And then there is the unemployment, which is to follow the war. This we have been told by the authorities is sure to come. We do not forget that these dismal advisers missed their way at the commencement of the war when they also foretold a menacing disemployment. They forgot the "Bradburys" (the £1 and 10s. notes, signed by John Bradbury, Secretary to the Treasury), and the Moratorium. But this time they may be on firmer ground. There may be unemployment at the close of the war. Very likely there will be unless the land the raw material of all labour is opened up to the fullest possible extent.

Let us consider or suggest a consideration of the case. It is surely not the destruction of wealth, though this can be admitted to have a close connection with the trouble, which will cause unemployment. When the late Mr. Chamberlain returned from his visit to South