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Just Enough Unemployment

THE TERM "full employment" as it is applied in various Pamphlets and Statements recently published on the subject, has a special and distinctive meaning opposed to the idea that unemployment as such is to be wholly abolished. As its exponents point out, it must be used with discrimination and on the understanding that to have a certain number of people out of work and competing for jobs is not only inevitable, but is also necessary if the mechanism called "Industry" is to run efficiently. We refer to such publications as the *Full Employment* pamphlets produced by the *Economist* and *The Times*, being reprints of articles that had appeared, and the statement on *The Problem of Unemployment* issued by Lever Bros. and Unilever Ltd. In these publications and others touching the topic—the *National Policy for Industry* of the 120 Industrialists, the *Reconstruction* report of the Federation of British Industries, the *Employment Policy and Organization After the War* issued by the Nuffield College—we are faced with arguments that survey not the possibility of a society of free and equal citizens easily earning their living by their own endeavours. There is no thought that undeserved poverty need not be, or that the gross disparity in the possession of wealth and power may rest upon unjust laws and institutions. That some men and women are reduced to the state of having to beg for work if they are to live is taken for granted, and what these counsellors say in the matter has a significance that is worth revealing.

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According to the *Economist* articles, full employment does not mean the total disappearance of the unemployed, "but it is quite compatible with the continuance of the stage army of men and women who are changing their jobs," and it is imperative "for the elasticity of the national economy" that there should be a substantial degree of mobility of labour. This, be it noted, is spoken of human beings, not of draught animals.

The Unilever document warns against the misconception that full employment in the sense that every worker is employed full time for the whole year is the desideratum to be arrived at; apart from the fact that such a situation is "far from natural" and has "never characterized the periods that were happiest for the working population," it would be impossible to keep

economic life continuously at such a pitch.

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Sir William Beveridge speaking to business men at Leeds on 23rd July (*Times* report), said that "interval" unemployment as he described it was "consistent with a healthy condition of society as a whole," and could be dealt with adequately by unemployment insurance, the normal level of unemployment being 5 per cent. of the working population. In his report on Social Insurance and the Allied Services, he said that his Plan was framed on the assumption that the average rate of unemployment would in future be about $8\frac{1}{2}$ per cent. of those classed as "employees," which is to say that the number of 1,500,000 out-of-works is contemplated as the normal or stable state of affairs, being not a problem for solution but a misfortune to assuage. In the speech already cited, Sir William was groping after means for avoiding "cyclical depressions," that is, for flattening out booms and depressions, both equally injurious as the new thought has it. Stabilization is made a fetish—stabilize conditions of international trade; stabilize agricultural produce and prices; stabilize investment. One scheme that seemed to commend itself to him was to "influence consumer demand by increasing or decreasing taxation," the extension of income tax to a larger proportion of the population increasing the possibilities of that method. Is it proposed to consider taxing consumption and the consumers to take purchasing power out of their hands? These theories imply as much. The appointed statisticians would advise the tax-collectors when the time had arrived to mulct the buying of goods in the market place, to curb the upsetters of stability who are endangering the State.

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In *The Times* pamphlet, one of the contributors not only accepts a margin of unemployment as a permanency, but insists upon its advantages. It is not a mere accidental blemish in a "private enterprise economy"; it has a definite function to fulfil; it maintains the authority of master over men and (fallacious economics) it preserves the value of money. The absence of the fear of unemployment would cause a constant upward pressure upon wage rates, would complicate the problem of "controlling international trade," would "make hay of the social security programme" (not untrue, because

steady employment for all at good wages would render much of it superfluous), and—worst of all with the sting in the tail—would bring about an "arbitrary redistribution of income" involving relative loss to others, including the *rentier* class. This implies that the general level of wages not only cannot but must not be raised. There is to be partly-full employment at wages determined by the competition for jobs under fear of unemployment, the "discipline" that is the substitute for the "direct terror" applied in Fascist countries.

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Another contributor to *The Times* pamphlet enters the same lists and treads on shaky ground. He speaks as if wages were a "grant" out of some fund over which others than those who are employed had command, and of a wage increase as something only to be conceded by the employer or the State. He believes that supplements to wages in the shape of social services should bar the way to direct wages increases or are a safer way of benefiting the workers, safer that is for society. Therefore "the balance of advantage seems to be with grants and allowances outside wages—for children, the housewife, housing and town planning, education, the use of leisure; wage increases enter directly or indirectly into exporting costs; improvements outside wages may be financed from taxes on surpluses and from savings." The statement shows how far astray the writer is from the conception of wages as a share of wealth produced, the share remaining after rent and interest have taken their part, so that wages being just so much of the wealth that is produced can no more be a "cost" than is rent or interest. Moreover, he glosses over the effects of taxation which, if levied on trade and industry, does increase prices and does add to the cost of production, besides taking from wages the funds dispensed by the State to supplement wages. We have the writer committed to a policy designed to keep wages down, with "social security" as a cushion nicely fitted into the framework.

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The chorus of the pamphlets and statements is that "mass" unemployment is due to the irregularity of capital investment (we have to use the phrase although we contest its implications), and as that irregularity is the cause of both booms and depressions, it is essential that the investment of capital be

controlled. The Government should use the "powerful means it possesses" either to stimulate or to check the provision of capital, according as a depression or a boom threatens the stability of production. A due equilibrium must be attained. And if indirect control over private enterprise is inadequate, the Government should take direct action by borrowing and spending money upon capital works or turning off the tap of its expenditure as occasion demands. It is all a question of correct timing, it is said. But who can tell when either a boom or a depression likely to be catastrophic is under way? Here the Unilever pamphlet distinguishes itself among its fellows by formulating a guide for the authorities in whose hands the well-being and destiny of industry will reside. *It will be the fluctuations of the labour reserve in both numbers and the way it is made up that will be the signal to Government to apply its anti-boom and anti-slump measures.* If a marked diminution in the numbers of the labour reserve shows itself, the statement goes on, and other phenomena of economic life confirm that a boom is on the way, the Government should put a brake on expansion, should check the extension of credit, allow the rate of interest to rise, increase taxation, imposing it even upon capital expenditure.

The key presented to the advocates and builders of the planned economy is to keep count of the unemployed. When the number falls to what is estimated to be a dangerously low level, let the financial, fiscal, restrictive and coercive powers of Government be used to impede activity and throw a sufficient number of men and women out of work—till the count of them gives the all-clear signal for stability.

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Is that what it comes to? It seems to be where these arguments drive. If it does not exist, a "safe" margin of unemployment must be arbitrarily produced; and this not merely with the hopeful result of preventing the boom and the subsequent depression, but with the definite objective of giving play to the forces that compel the competition of the unemployed to limit the wages of those in work. A harsh ordinance particularly for those who are not able or are not allowed to get work, but a humane Government softens the blow with its "abolition of want" insurance legislation. The Unilever pamphlet expounded and elucidated this "full employment" policy in greater detail than any of the others. Its cover reprinted a number of newspaper commendations, the *Daily Express* scoring the hit: "It makes Beveridge work."

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Industry, the making and supplying of things, actually held responsible for poverty and unemployment, for hard times and the mysteries of the depressions which turn prosperity into destitution! From the wildest assumptions most astounding propositions follow. Individual liberty and private enterprise are to be disgraced. An official

statistical bureau is to hold the leading strings to which the business community, manufacturers, merchants, shop-keepers, consumers and working people are to be tied. We have travelled far from the perceptions of everyday life and the testimony of ordinary men. There can be no industry, no habitation, no existence without access to land, and the terms upon which that may be obtained is the most crucial of all questions. The ordinary man is all too aware that rent is the first charge on his home or business, rent and rates and taxes on top, and he measures his earnings by what remains to him after paying for permission to be on the spot. So, too, in fields, factories and workshops where wealth is produced, the more that is taken in rent for the location the less there is left to reward those who produce the wealth. Wages fall as production is compelled to render more and more rent for the ground it occupies, or as an ever-increasing price must be paid for the sites that industry needs and could use. Then come all the phenomena of a trade depression. High-priced land remains as a barrier and obstruction to activities that might take place. The rents of premises, of houses, of shops, farms and other occupations are rocketed and stay high. How many do not know from bitter experience that this is what has broken their chance and frustrated their hopes of making headway?

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Our quarrel with the pamphleteers is that they ignore all this. From false premises and by curious inversion they judge that the "investment of capital" is the way out of the impasse, that depressions are due to the shortage of capital equipment and can be overcome by producing more at that stage. The facts belie it. When men and women are thrown out of work and rendered powerless, so are mines, furnaces, mills, factories, warehouses, ships, plant, machinery and capital of all sorts. Mass unemployment of people is accompanied by mass unemployment of capital. The plenitude of idle instruments of production is calling for employment by the labour that has been stood off from them. But the ground floor is occupied by a superior power residing thereon—the land monopoly—which prevents the marriage of labour and capital. Purchasing power, which is nothing but the supply of goods at any point, is not forthcoming, and the demand for goods in exchange for them falls away. One man out of work disengages another; the idle factory leads to the closed shop. A trade depression spreads in ever-widening circles because production has been stopped at its source, because valuable land is withheld from use and privilege demands toll for the gates to be opened. That is the essence of the matter, blanketed as it has been under the elaborate profundity of the ambiguous and often unintelligible language of self-styled economists. If we probe this attempt at economics, try to analyse and clarify it, we see how strangely silent it is about the land

question, about the functions of the rent of land in social life, about the speculation in land values which steals from industry its fruits and forces the State to find revenues by methods that restrict production and trade and depress industry still further. It raises suspicions to ask what has conspired towards this silence, what interests are served.

Fortunately we can turn to the simpler Political Economy which refuses to be displaced, speaking the understandable language that land, labour and capital are the factors in wealth production, and which has its ethic in the distribution of the result. There are many books for earnest men and women to study, and if we specially recommend Henry George's *Progress and Poverty* it is because that book is such an outstanding contribution to this teaching. It is at least worth while to discover whether freedom holds the solution, whether equal opportunity to produce and exchange is faithful in its promise of the better social conditions we all wish to see established.

A. W. M.

WHO OWNS CROSS CREEK?

"I had a letter from a friend, saying, 'I am a firm believer in property rights.'

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"Of what did that ownership consist? I thought of the great earth, whirling in space. It was here ahead of men and could conceivably be here after them. How should one man say that he 'owned' any piece or parcel of it? If he worked with it, laboured to bring it to fruition it seemed to me that at most he held it in fief.

"Who owns Cross Creek? The red-birds, I think, more than I. . . . Houses are individual and can be owned, like nests, and fought for. But what of the land? It seems to me that the earth may be borrowed but not bought. It may be used but not owned. Cross Creek belongs to the wind and the rain, to the sun and the seasons, to the cosmic secrecy of seed, and, beyond all, to time."

(From *CROSS CREEK*, by Marjorie Kinnan Rawlings; Heinemann, 1942.)

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