

BANKS, CREDITS AND LAND VALUES

By Capt. Arthur R. McDougal

Let us suppose an island which is the property of a few of the inhabitants. . . . As we all know, in addition to the population of landowners and their immediate tenants and labourers, there would be, say, a shopkeeper, an inventor, a gambler, a banker and a pirate. In modern life the gambler and the pirate would be quite respectable financiers. Let us suppose that, as is the case now, these worthy people become wealthy, although the masses starve, and that some of their incomes may even exceed those of the landowners. Now the masses starving in the midst of plenty feel that something is wrong and even suggest that it is not right that the island should belong absolutely to a few, who exact tribute for the right to live, and that everyone has some rights to the use or benefits of the land.

LIKE THE POLITICIANS OF TO-DAY

Then again let us suppose someone rises and says— "What is the use of discussing an abstraction like the land question. Let us be practical. You labourers are poor because you are swindled by the shopkeeper, taxed by the inventor's patent rights, sweated for interest by the banker for credits which are really yours, robbed by the pirate, and fleeced by the gambler. Landowners and non-landholders our interests are in common against these vampires. The shopkeeper makes his 50 per cent, the banker makes his 17 per cent, etc. Let us combine and stop these exactions or drive them off the island."

A PERFECT BANKING SYSTEM—WHAT THEN ?

Let us imagine these things done and, *inter alia*, the credit and banking system made perfect. What then? The labourers and non-landowners would at first gain by the cheaper living, but the competition between them would soon force them to accept lower wages and to give higher rents. So the elimination of the excessive profits (if such exist) of the shopkeeper, banker, inventor, gambler and pirate would only make land more valuable and increase the incomes of the landowners.

By all means let us improve our banking and our retail distributive system, and eliminate our gamblers and pirates, but let us remember that all is futile unless we first tackle the great land values question, and see to it that the wealth and benefits arising from our actions and reforms are used for the benefit of the community by taking in taxes from land values these accrued benefits and by relieving industry and agriculture and houses from taxation at present crushing them.

THE NEW PURCHASING POWER

The relief of householders and house owners from rates alone would add millions to the consuming power of the masses and would at once raise agricultural prices in a natural manner, whilst the reduced capital value and price of land would reduce our costs of production in agriculture and all other industries.

It is no ungenerous assertion to state that the Bureaucrats who are now interfering and meddling in World affairs have very slight qualification for their interference. A Government official, by the very selection of his occupation, removes himself from the hurly-burly of that class of competition which is understood to be the soul of business. Commerce is now hedged around with restrictions, tariffs, quotas, licences and prohibitions, administered by the red tape of a Bureaucracy endowed with few qualifications beyond those good intentions which are the traditional pavement of the Road to Hell.—SIR PERCIVAL PERRY, Chairman of the Ford Motor Company, addressing the Shareholders, 20th April.