



LAND & LIBERTY

Published by THE UNITED COMMITTEE FOR THE
TAXATION OF LAND VALUES.

Thirty-third Year. Established June, 1894.

3d. Monthly. By Post 4s. per annum.

United States and Canada, 1 Dollar,

Editorial Offices:

11, TOTHILL STREET, LONDON, S.W.1.

All communications to be addressed to the Editor.

Telegrams: "Eulav, Parl., London." Telephone: Victoria 7325.

Postage on this issue is One Penny.

FREE TRADE IN ITS FULLNESS

Whereas this Conference has adopted an Address to the League of Nations, pointing out that the chief causes of international discord and of war have their roots in the private monopoly of the world's natural resources and in the economic barriers that governments erect to prevent the free exchange of goods and services between friendly peoples; now be it known, that

This Conference not only favours freedom of trade across national frontiers, but also affirms that if governments would establish peace, contentment and prosperity within their own borders they must apply the principle of free trade among their citizens at home. To apply this principle fully they must give equal access to natural opportunities, and abolish all legal and artificial restrictions upon or impediments to the right of men freely to produce wealth, freely to exchange it and freely to enjoy the results of their labour. This can be accomplished only when governments repeal the taxes that now interfere with, or impose penalties upon, production and exchange.

Declaring that the land of every country is, by right, the common property of the people, we affirm that the value of land due to the presence and activity of the community should, by concentrating taxation upon land values, be taken for public purposes in the place of the taxes that now so grievously burden industry and interfere with the natural rights of man.

Resolution at the International Conference To Promote The Taxation of Land Values and Free Trade, Copenhagen, 20-26th July, 1926.

The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the

community, then will the equality ordained by nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labour get its full reward, and capital its natural return.—*Progress and Poverty*, book VIII, chap. III.

The aftermath of the war that was to abolish war has *inter alia* spent itself in a lamentable breakdown in the belief that tariff walls mean security and prosperity. Protection had been practised in Europe on a large scale for generations and who shall blame the new Nationals the war discovered in their attempt to carry the thing to a logical conclusion. They were brought up in the faith and the vested interests in all parts were ready and eager to guide the politicians in the approved direction. But this more general application of the remedy could not stand the strain. It has brought industrial chaos, a general decline in trade and in the confusion communism appears on the scene to pave the way for Dictatorship. The Bankers' Manifesto, the text of which we reproduce in another column, is a danger signal. It is a commonplace that the problem to be solved is economic, not political. It is the problem of the production and distribution of wealth, and any interference with the distribution reacts on the producer and causes him to feel the weight of a new burden. Tariffs do not encourage new production. That is the lesson of the manifesto which must have fallen like a bombshell in the camp of the enemy.

There is sound reason for the belief that the debacle in 1914 was instigated and developed by the tariff systems of Europe. They were the cause of the mischief and to-day the war for markets, the struggle for economic supremacy, is openly avowed and the spirit of Locarno held in check. In the words of the Manifesto: "A number of new frontiers had been erected and jealously guarded by customs barriers. Old markets disappeared. Racial animosities were permitted to divide communities whose interests were inseparably connected." If the signatories to the Manifesto are true to their convictions we may look forward to a campaign in Europe and beyond its boundaries that will provoke discussion and shed light into dark corners.

Already the process of enlightenment has begun. Addressing the International Chambers of Commerce, 20th October, Sir Alan Anderson declared: "the nations must pull down their barriers before trade can revive. Unless it is possible for nations to agree together to reduce or to avoid the economic troubles that flow from this outrageous protection it will result that all States, even those who have worked frankly to remove or lower customs barriers, will be forced to arm their industries with weapons of defence in the world's markets." Another of the signatories to the Manifesto, Mr. Norman L. Hird, general manager and director of the Union Bank of Scotland speaking at a Glasgow Chamber of Commerce meeting, 25th October, said: "One very prominent result of war conditions was the emphasis that had been laid on national feeling in the different countries;

its continuance into the times of peace had been a great misfortune. The Manifesto was an appeal to political leaders in many countries, for a broader wisdom. It would have to come some day and much suffering would be avoided, if action were taken now." This is a wholesome sentiment and should strengthen the cause of international free trade.

The Manifesto is excellent so far as it goes, but it does not go far enough. It takes no cognisance of land monopoly as the fundamental barrier to economic progress. Land speculation is more damaging to industrial development than any tariff system. It can stop production where no tariff barriers exist; and any relief from tariffs that could be secured would but enhance the value of land and leave the trader no better off than before. Moreover it is plain that if tariff barriers are to be cut down to mutual advantage an alternative source of revenue must be found for the upkeep of Government. It is just this defect in the programme of the ordinary free trader that renders him so helpless in the argument. *The Times*, 20th October, has this to say through its Berlin correspondent: "The manifesto of the bankers and financiers is not taken very seriously here as a contribution to the solution of the economic problems of Europe. As such it fell flat." The correspondent quotes from the *Tägliche Rundschau*: "Revenue from tariffs is in most Continental countries closely related to expenditure on armaments. Germany with least reason to consider this aspect, nevertheless relies upon tariff receipts for a large part of the Budget expenditure, and the return is an ever rising one, having amounted in July last to as much as 16 per cent of the whole." The free trader must meet this objection. The poverty-stricken condition of the people of Europe calls continually for redress, and if a way out of this extremity is not available then the taxation of industry will continue to advance in all its devastating incidence.

It is clear that in the long run taxation must be levied on industry, or monopoly. A tax on land values is a tax on monopoly; as Henry George points out, "the profit of monopoly is in itself a tax levied upon production, and to tax it is simply to direct into the public coffers what production must in any event pay." The taxation of land values would do more than provide revenue without injuring industry; by striking at land monopoly, it would overthrow barriers that everywhere interfere with municipal expansion, employment and wages. Land monopoly as defined in high priced land is a "sheltered industry" that can only be tolerated to the hurt and ultimate undoing of the community. In the communal value of the land Germany and all other countries have their alternative source of revenue.

The International Union for Land Value Taxation and Free Trade takes part in the fight. It stands for a policy that would establish economic justice, and in freedom direct the flow of exports and imports to the enrichment of all countries. It was formed in high expectation that students and reformers in every land, and in every progressive circle, might be given the key to economic emancipation. The weapon used by the interests and

by a powerful section of the Press is silence, but behind this silence there is a propaganda that will yet tell for free trade in its fullness.

The free trade principle speaks for material prosperity and it is in close correspondence with the higher possibilities of the race. It brings people of different nations together irrespective of creed or colour, for the common benefit of each and all. It softens and obliterates racial prejudices, overcomes the language difficulty and gives the schoolmaster his true reward. It is in harmony with the highest teaching and justifies the idea of a common brotherhood. Tariffs distribute men into hostile groups out of which comes the friction that goes to sharpen the weapons of war. They teach the immoral and absurd doctrine that the prosperity of one country injures another and in so doing make a mockery of education and its elevating purpose. There have been many international conferences on free trade; whoever heard of one on tariff reform? It would be something in the nature of a bear-garden, or a collection of wolves met to discuss how the sheep should be apportioned.

We welcome the Bankers' Manifesto for its "appeal to the surest of instincts and the strongest of motives"; but the walls of Jericho will not fall down, or even oscillate, at the sound of such a trumpet. It is the deeper cut that is needed to bring a just distribution of wealth and until this is realized and the ground taken from land monopoly there can be no permanent gain to industry, nor any lasting fellowship in society.

J. P.

ON SUPPLY AND DEMAND

(From an article by Sir Edgar Harper in the October issue of the *Edinburgh Monthly*, "The Centre.")

Landowners maintain their privileges by restricting the supply of land. And it is not of much use to meet their action by restricting the supply of labour—practically the only weapon possessed by Trade Unionism. It is clear that two restrictions on the production of wealth must be worse than one for the nation (all but the privileged few). The true remedy is to meet the restriction of land supply, not by the restriction of the labour supply, but by abolishing restriction altogether.

How can this be done? The freedom to use land is absolutely necessary as a part of the principle of human freedom. But it would be useless to attempt to divide the land of Britain—or of any other country—fairly between all its inhabitants. Even were it possible to do so, sale and exchange between individuals would upset the balance in a week. The true remedy is clearly explained by Henry George in *Progress and Poverty*, and no political economist has succeeded in overthrowing his arguments.

Henry George would simply put a tax upon all land (whether used or not) according to its value. That tax would at once make it a losing business to keep out of use any land which had value. And, *immediately*, all unused land would come into the market for Labour to pick and choose from. For the economic law of demand and supply would then have free play and the workers of the world would at last obtain the full reward due to their labour.