

illustrate the law of interest more in deference to the existing terminology and modes of thought than from the real necessities of our inquiry, were it unembarrassed by befogging discussions. In truth, the primary division of wealth in distribution is dual, not tripartite. Capital is but a form of labour, and its distinction from labour is in reality but a sub-division, just as the division of labour into skilled and unskilled would be. In our examination we have reached the same point as would have been attained had we simply treated capital as a form of labour, and sought the law which divides the produce between rent and wages; that is to say, between the possessors of the two factors, natural substances and powers, and human exertion—which two factors by their union produce all wealth."

May we hear more—very much more—from Professor Einstein on the merits of Henry George's philosophy and practical proposals, in relation to the unsolved threatening questions of our time. Meanwhile we gladly pass on to Mrs Evans a cordial vote of thanks for bringing *Progress and Poverty* to a distinguished and promising new recruit.

J. P.

OFFICIAL LIBERAL POLICY

The National Liberal Federation, towards the end of the programme it has circulated for acceptance at its Annual Meeting in Clacton, 28th and 29th April, 1932, declares that:—

"We must closely scrutinize our system of taxation and our public expenditure, levying only such taxes as are at least burdensome to industry and to the standard of life of the people; securing to the community its share of the values created by its presence and activity and cutting down all unproductive expenditure to the absolute minimum, while having the courage to spend where spending strengthens us."

The National League of Young Liberals, at its Annual Meeting in Bradford on 26th and 28th March, adopted a resolution on Objects and Policy, the seventh item of which was:—

"To assert the rights of the people in the land, to ensure that all natural resources are used to the best advantage of the nation, and to recover for the community the values it has itself created."

These Liberal pronouncements are phrased in a paltry and evasive manner, as if fearing to commit the Party to the straightforward policy of the Taxation and Rating of Land Values. To speak of "securing to the community its share of the values created by its presence and activity" is altogether too vague. It may, for example, mean an increment tax, and not a direct Tax on Land Values. Why not be explicit?

At the Scottish Liberal Federation Annual Meeting held at Glasgow, 6th April, a "defect" in the Official Report was repaired by the following Amendment moved by Capt. A. R. McDougal, speaking for Sir Henry Ballantyne, who was unable to attend the meeting. The Amendment, which was approved, was in the following terms:—

"To re-affirm the demand of Liberalism for Land Values Taxation and protesting against the decision to suspend the Valuation provided for in the Finance Act, 1931."

In his observations (*Glasgow Herald* report), Capt. McDougal gave tone and character to the discussion:

"The Land Valuation had been suspended by the National Government with the acquiescence of the Liberal Members. It had been sacrificed in the interests of economy by a Government which was to spend £6,000,000 in the year on a Wheat Quota and was continuing the Sugar Beet Subsidy. That was a curious position for any Liberals to occupy."

It is more than "curious," it is ominous and Capt. McDougal assuredly spoke for the rank and file of the Liberal Party and for millions of citizens attached to its political opponents. The Official Liberal back-sliding on the Land Value Policy has no correspondence with the radical sentiment for it in the country. But that is a story by itself.

The findings of the Liberal Party on Radical Land Value Taxation these past 40 years are year in and year out on record, and on the whole they constitute no mean contribution to the thought.

The position of the Party on the Land Value policy was summarized by its late leader, Lord Oxford and Asquith, in Buxton, 1st June, 1923. We quote:—

"It is time for us once more to reassert that we recognize for the purposes of taxation, whether imperial or local, a distinct difference between two kinds of value—the value created by the energy and enterprise of individuals, and the value which is not so created but which arises from the progress and general development of the community at large. Upon this fundamental distinction we have always taken our stand, and we hold that, so far as practicable, local and national taxes which are necessary for public purposes should fall on the publicly created value rather than on that which is the product of individual enterprise and industry."

"This does not involve a new or additional burden of taxation; it is a substitution of one system for another. It would, however, produce these two consequences: first, we should cease to lay the burden of taxation on enterprise and industry; and secondly, land would come more readily and cheaply into the best use for which it is fitted. These two things would be potent promoters of industry and progress."

This statement, issued by the Liberal Publication Department, was accepted by Liberals everywhere as a happy and illuminating summary of the case. It ought to govern, as it was designed to govern, the position of the question in Liberal circles and in Liberal organization.

The difficulty all along with the official Liberals and the Taxation of Land Values is that they cannot or will not relate the policy to unemployment and Free Trade. They side-glance at the relationship, but evidently swayed by anti-Land Value Taxation sentiment at the council board—to put it mildly—when it comes to trade and employment, they talk at large on trusts and combines, European unrest, the housing problem to be cured by subsidies and, generally speaking, in their own language "calls upon the Government of the day for the exercise of greater energy and enterprise in this and other productive directions."

The Liberal rank and file accepted the Radical lead of the Municipal and organized movement for Land Value Taxation. On ten thousand Liberal platforms the policy was hailed as an emancipating reform. The failure to give effect to it lies at the door of the Liberal leaders. In whispering away the Land Value policy they weakened the strength of the Party in the country beyond recall. The tragedy is that even now they cannot see the folly of trying to "Conquer Unemployment" without first putting an end to land monopoly.

The people voted for the policy at the General Elections in 1906, twice in 1910, and again in 1929. On the first occasion the House of Lords in 1906 cast out the Land Values (Scotland) Bill; in 1922, the Coalition Government destroyed the Land Value part of the 1909 Budget. In 1931 there was strong popular backing in the country for Mr Snowden's measure.

J. P.