



LAND & LIBERTY

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Editorial Offices:

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

All communications to be addressed to the Editor.

Telegrams: "Eulav, Parl., London." Telephone: Victoria 7525.

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THE POVERTY PROBLEM

In the very centres of our civilization to-day are want and suffering enough to make sick at heart whoever does not close his eyes and steel his nerves. Dare we turn to the Creator and ask Him to relieve it? Supposing the prayer were heard, and at the behest with which the universe sprang into being there should glow in the sun a greater power; new virtue fill the air; fresh vigour the soil; that for every blade of grass that now grows two should spring up, and the seed that now increases fifty-fold should increase a hundredfold! Would poverty be abated or want relieved? Manifestly no! Whatever benefit would accrue would be but temporary. The new powers streaming through the material universe could only be utilized through land. And land, being private property, the classes that now monopolize the bounty of the Creator would monopolize all the new bounty. Landowners would alone be benefited. Rents would increase, but wages would still tend to the starvation point!

This is not merely a deduction of political economy; it is a fact of experience. We know it because we have seen it. Within our own times, under our very eyes, that Power which is above all, and in all, and through all; that Power of which the whole universe is but the manifestation; that Power which maketh all things, and without which is not anything made that is made, has increased the bounty which men may enjoy, as truly as though the fertility of nature had been increased.

The fiat has gone forth! With steam and electricity, and the new powers born of progress, forces have entered the world that will either compel us to a higher plane or overwhelm us, as nation after nation, as civilization after civilization, have been overwhelmed before. It is the delusion which precedes destruction that sees in the popular unrest with which the civilized world is feverishly pulsing, only the passing effect of ephemeral causes.—*Progress and Poverty*, Book 10, Chapter 5.

These are assuredly the days of industrial and political ferment. Trade languishes, poverty deepens and unrest challenges ordered government more than ever before. The spirit of Locarno has taken wings to itself and the nations prepare for the worst in armaments, battleships, submarines and up-to-date bombing aircraft. Meanwhile, the war for

markets is being feverishly waged, and as the field is surveyed the thought comes that the longing for peace in our time is in spirit and in deed quite unrelated to the facts of experience. The outlook is ominous. At Geneva the representatives of 48 Governments confer with each other, environed by tariff walls that interrupt the natural flow of international trade, the while their political governors keep on speaking terms with the profiteers under the system. It is admittedly a system that is in the way of co-operative effort, and so long as it is maintained there is little hope of any real or lasting improvement.

The World Economic Conference, the Bankers' Manifesto and the Chamber of Commerce Conference at Stockholm are on record as non-political demonstrations. They can be more aptly described as signals of distress, and who shall measure the appeal they make to the masses of men who everywhere are in search of employment?

We read that after a week's discussion the business men at Stockholm came to this decision: "The Congress wishes most emphatically to affirm the emphatic decision of the business world to the declarations of the Geneva Conference regarding those tariff walls and policies which are unduly hampering trade directly or indirectly. It especially associates itself with this Geneva statement. The Conference declares that the time has come to put an end to the increase in tariffs, and to move in the opposite direction."

The tariff walls, like the famous walls of Jericho, are not likely to crumble or even hesitate at the sound of such a trumpet. The resolution is a watering down compromise that gives point to the reflection, that "never was the human mind master of so many facts and sure of so few principles." The special Stockholm correspondent of the *Observer* says: "It should not be imagined that the situation is the rivalry between Free Trade and Protection as we know it in Great Britain. There is no intention of interfering with national rights to impose tariffs. It is rather that, owing to post-war circumstances tariffs are too high, too complex, too frequently changed." Verily the mountain has laboured and brought forth a mouse.

At Geneva one of the chief objections heard to lowering the tariff walls or removing them altogether was the loss of revenue to the countries concerned in any departure from this established method of collecting it. This is where the International Union for Land Value Taxation and Free Trade comes to the rescue of an intellectually bankrupt and waterlogged civilization. In its Memorandum addressed to the World Conference, the Union showed where the alternative source of revenue was to be found and how its appropriation on sound and well-defined lines would provide new openings for trade and commerce. The document affirmed that—

Land Value Taxation is an essential link in most economic problems.

It provides an alternative source of public revenue, by which the tariff can be abolished, a measure which is vital to the economic organization

of the world to-day and to the cause of peace. It will enable the Budgets to balance and so obviate the excuse for inflation and violent fluctuation of the exchanges. It makes for the economic stability of international trade, and for closer co-operation between the nations. It provides a means of stimulating production by forcing unused land into use, the essence of Land Value Taxation being that it is levied on the full value of the land even if unused. The result will be increase of trade, more employment, less competition for work, higher purchasing power and higher wages.

What is the answer to this penetrating statement that goes to the root of the matter? So far nothing but silence.

The idea behind the Protectionist delusion is the wage fund theory; that employment and wages depend on the amount of capital available at any given time for industrial enterprise. The theory has been exploded long ago, but it still has its influence in the discussion of social problems, and can be seen, inferentially, in the writings of some of the recognized advocates of free trade who stubbornly refuse to consider the principle in its fullness. If they decline, as they do, to consider free trade in production, "trade free from the element of monopoly," they are thrown back on so much insufficient argument and back-chat with the Protectionists as to why free trade has not brought prosperity and peace to society. For the guidance given in the science of political economy there is substituted a mass of meaningless statistics that have no bearing whatever on the poverty problem.

The lament is often heard that the debate on Free Trade *versus* Protection arouses little interest among the working people, but what can we expect but indifference and doubt if the full truth of the matter is kept in the background? If the workers are to be saved from the folly of their own ignorance, the remedy lies in their enlightenment. In the sordid struggle for a living wage a truth that is only half a truth must of necessity encounter both suspicion and hostility. There has been argument enough to bury the fallacies of Protection for ever. What is wanted is effort, a new rendering of the faith that will bring to the people what they have been promised, a more equitable distribution of the fruits of their own exertions. After a long uphill fight, they have wrung from the possessing classes the legal right to personal and political liberty, but this free citizenship is not an end in itself, it is merely the mechanism of constitutional advance along the road to that fuller economic enfranchisement without which there can be no settled peace in industry.

The next step forward is equal opportunity and this takes us to the interests that seem firmly and deeply entrenched in land monopoly. This is the final cause of the trouble. If there be any lack of capital for new enterprise it is here and nowhere else: that the scarcity can be verified. Capital does not employ labour; it is out of the return to labour, using the term in its widest meaning, that capital is taken to support new development. In

other words it is not capital that makes labour possible; it is labour that enables capital to survive and continue to bring forth its increase. This is the simple lesson taught by elementary Political Economy.

In the nature of things the interests of the active partners in production are identical and this would be realized in mutual respect and understanding, were the fetters that enslave them to land monopoly removed. Land monopoly does not rest on tariff walls, and if these were razed to the ground, industry could only obtain relief for a time. The landowners would rapidly enough appropriate in higher rents and land prices the benefits of the new stewardship. The Law of Rent may be ignored in the Conference room, but outside it moves, and with majestic indifference as to whether the talk was of a political or non-political character.

The struggle in society is with poverty and its related obligations, and every melioration adds to the public indebtedness, just as every improvement, public or private, enhances the value of land. As we go to press the latest home comment on the subject comes to hand. Speaking at Sheffield, 2nd June, Sir Herbert Samuel referred to the various items on the Labour Party's programme as formulated in their official pamphlet. They included, he said: "The abolition of contributions to unemployment benefit, increase in the rates of benefit, old-age pensions to be doubled, widows' pensions to be doubled, pensions to women at the age of fifty-five, state provision for orphans and large extensions of the system of national education, all of which," he further declared, "after careful investigation would involve an addition to the national expenditure of £228,000,000 a year."

Assuming many or all of these schemes of relief to be desirable, the Labour Party can say where the revenue is to be found if they will consult the land-value pages of their "Speakers' Handbook" and act up to the teaching. What we know is that all three political parties in the State have in recent years piled burdens on industry to mitigate the evils of the poverty problem and the more they do on this plane, the greater becomes the demand for additional supplies.

Land Value Taxation would yield revenue without placing a single burden on industry and by cutting into land speculation it would open up opportunities. This would mean employment where now enforced idleness adds its millions of pounds to the national expenditure. The cure for poverty is to allow for new production and if there be a more effective instrument for this purpose than the one this journal seeks to make known and understood, the sooner it is put forward the better it will be for national prosperity and international peace.

J. P.

Our trade unions seek to erect artificial defences against sweatshop conditions; in America these defences are provided by nature. Until we call more land into common use, the trade union attitude is not, at bottom, unreasonable. Unreason is more likely to be found among those who seek by legislation to compel men to work.—E. Pease, in *The Spectator*, 4th June.