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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 TRUE FREE TRADE PRINCIPLE

The free trade principle is, as we have seen, the principle of free production—it requires not merely the abolition of tariffs, but the removal of all restrictions upon production. . . . When it is conceded that custom-houses must be maintained and import duties levied, the average man will conclude that these duties might as well be protective, or at least will trouble himself little about them. When told that they must beware of moving too quickly, people are not likely to move at all.

Such advocacy is not the sort that can compel discussion, awaken thought, and press forward a great cause against powerful opposition. Half a truth is not half so strong as a whole truth, and to minimize such a principle as that of free trade in the hope of disarming opposition, is to lessen the antagonism it must encounter. A principle that in its purity will be grasped by the popular mind loses its power when befogged by concessions and enervated by compromises.

But the mistake that such advocates of free trade make has a deeper root than any misapprehension as to policy. . . . They do not present free trade in its beauty and strength because they do not see it. They have not the courage of conviction, because they have no conviction. They have opinions, but these opinions lack that burning, that compelling force that springs from a vital conviction. . . .

Even the most energetic and public-spirited of these men are at a fatal disadvantage when it comes to a popular propaganda. They can well point out the abuses of protection and expose its more transparent sophistries, but they cannot explain the social phenomena in which protection finds its real strength. All they can promise the labourer is that production shall be increased and many commodities cheapened. But how can this appeal to men who are accustomed to look upon "over-production" as the cause of widespread distress, and who are constantly told that

the cheapness of commodities is the reason why thousands have to suffer for the want of them? . . .

The only answer his philosophy can give—the only answer he can obtain from the political economy taught by the "free trade" text-books—is that the bitter struggle for existence which crushes men into pauperism and starvation is of the nature of things. And whether he attributes this nature of things to the conscious volition of an intelligent Creator or to the working of blind forces, the man who either definitely or vaguely accepts this answer is incapable of feeling himself or of calling forth in others the spirit of Cobden's appeal to Bright.—HENRY GEORGE in *Protection or Free Trade*.

The International Union for Land Value Taxation and Free Trade, instituted at Copenhagen in July, 1926, was not hastily planned to enlarge the scope of our land value propaganda. Those who stand for freedom of production had hoped for years to meet the conventional free traders at some half-way house, there to begin the fight together for free trade in its fullness. But it was not to be, and the advent of the new Union is an injunction to all who see definitely, or even vaguely, the prevailing drift towards the greater and greater inequality that carries with it the pledge of ultimate disaster to trade and commerce.

Since Cobden's day the life-giving principle of free trade has been held in check by the politicians with opinions and no convictions. They could not or would not see the connection between free exchange and land free from the element of monopoly. Worshippers at the shrine of equal opportunity they refused to translate the message into terms of economic freedom. Post-war reconstruction schemes built on the sands of emotion and not on the bedrock of sound finance have only staved off the day of reckoning. That day is now at hand. To protection, with all its insinuating pretence of prosperity, doors have been opened in Great Britain that were rigorously banged, barred and bolted against it twenty years ago, and free traders are once more sounding the alarm. They have largely, if not wholly, themselves to blame for the recrudescence of this tariff humbug, and unless and until they abandon their prejudices against land value taxation nothing can stay their ultimate defeat.

It is a poverty problem society is facing and, tacitly admitting the weakness of our fiscal system to better the lot of the common people, our free traders, limited, have gone after glittering schemes of social reform. They turned away from the true free trade principle, rejecting the word it had to say for new production and a more equitable distribution of wealth. They have looked on without protest while industry has been burdened to almost breaking point with the cost of reckless adventures that have brought neither stability nor peace into the social and political life of the country. The subsidies given in recent years for the benefit of the working classes, and incidentally for the enrichment of the land speculators, together with the unemployment dole, may have kept under, for the time being, a greater danger to the State but they have strengthened the case for protection in the popular mind. The tariff

reformer has made the most of the occasion. The free trader is not without knowledge that all improvement, by itself, or subsidized, is at the mercy of land monopoly; that from first to last it means higher land prices and more burdensome taxes on the improver. Their own spokesmen cry out at times against the iniquity, yet heedless of this experience the organization calmly goes on its way in pursuit of adjustments that when secured offer no escape from industrial distress and general discontent.

The latest example of this ineptitude is to be found in the discussion at the National Free Trade Congress held at Manchester, 29th September. As the *Manchester Guardian* declares, "clearly the organizers had in mind the forthcoming Imperial Conference at which proposals for extending the scope of Imperial Preference will in all probability be made." Mr. Harold Cox, in his able and convincing speech, fully and truly exposed the hollowness of this ancient cry for largesse in the name of patriotism. One of the speakers argued the case for raising the level of production; another contended against the pitfall of unlimited competition. Free traders, it was urged, must take into account the labour conditions of other countries if the doctrine was to commend itself to the Labour party.

This statement finds expression on Labour platforms in the pledge to exclude articles from other countries with a standard of living lower than ours. It is heard on the Tory platform, also. Lord Balfour, speaking at Leeds, 2nd October, directed attention to the new problems the late war had compelled each country to face and said: "We have to meet in neutral and foreign markets the competition of populations adequately supplied with capital and with scientific knowledge, and adequately educated, but accustomed on the whole to a lower standard of living than that to which we are accustomed." It is in these ways, in such apologies for free trade, that the principle is robbed of its power to better the condition of things.

Perhaps the most wholesome voice heard in reply to this backsliding is that of Henry Ford, a free trader who should have been present at the Manchester rally. In his book *To-day and To-morrow* we read: "Under first class, non-political management, every jail could be turned into an industrial unit, pay higher wages to the men than they could earn in outside industry, provide them with good food and reasonable hours of labour, and then turn over an excellent profit to the State." Why not? If masses of people are found to be without sufficient food, clothing and shelter, and in want of the things that labour produces, does it not logically follow that every available agency should be put to work and every idle man employed to make good the shortage? But Henry Ford in his bold and commendable attitude has to reckon with the unemployed man—outside the jail.

It would be a real contribution to the world as well as to the United States if they were to wipe out their tariffs on imports. It would be an act of friendship and goodwill that would surpass anything expected from the League of Nations in

our time. It would give the free trade idea a new lease of life and bring new hope and inspiration to all who strive for prosperity and peace. But in this mechanism there is something wanting. Great Britain long ago wiped out its tariffs on imports, and it is just here in this free trade country, so-named, that unemployment and low wages hang like a nightmare over its industry and at times threaten the very life of the community. There is nothing wrong with Henry Ford's appeal to the United States to make an end of their tariffs, but it is true nevertheless that "half a truth is not half so strong as a whole truth."

In his address at Manchester on Trade and Unemployment, Sir George Paish said "a solution must be found for this very difficult problem. Beside the million unemployed we had to cope every year with about 300,000 new workers requiring employment. Very few people had any conception of how many goods we could produce if we could only find markets for them." This seems to be the speaker's cure for unemployment—find markets abroad for our goods, and to this end we should "help other countries to extend their productive power." It is an amazing proposition, calculated to make even a free trader question his belief in the philosophy. We can imagine a supporter of tariff reform at a conference in some other country where protection obtains and unemployment exists using exactly the same kind of argument. What is wrong, our man might argue, is that Great Britain who formerly bought from us is now out of commission, and if we could only help this former customer of ours to extend his productive power there would speedily be a market for our goods, which, as all the world knows, we can produce in abundance. Purchasers for our goods means work for our unemployed, and if the British people are down and out for want of capital it would pay us to lend them all they require to expand their trade!

The answer to this economic moonshine is, that we cannot trade with other countries unless we have something to offer in exchange for their products, nor can they with us, and for the same reason. Manifestly what is wanted is increased purchasing power or, in other words, employment and high wages, and this is just where the merits of free imports in one country over tariffs in another fall short as a remedy for bad trade and unemployment.

The Taxation of Land Values is the better half of the free trade principle. It would provide revenue at the expense of monopoly, and to the extent that it was applied industry would be relieved from the burden it now carries. It would stop speculation in land and so provide new openings for labour and capital and bring these two active partners in production to a better understanding. That is what the policy of free imports has failed to do and what it never can do. Free exchange of commodities between one country and another is as rational and beneficent as free exchange between one town and another within any one country, and that is its justification. It can make

two blades of grass grow where one grew before, but it cannot prevent the prosperity that comes of this enterprise going in economic rent to the non-producer.

As Henry George says in *Progress and Poverty*: "Supposing that for every blade of grass that now grows two should spring up, and the seed that now increases fifty-fold should increase a hundred-fold! 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!" The only answer by our half-truth free traders to this rendering is silence and of this there has been more than enough. Cartels, trusts and combines have come out of the failure to carry the principle of free trade to a logical conclusion and, as in protectionist countries, "political management of industry" has become a controlling influence.

When Richard Cobden saw how land monopoly in the nature of things must intercept the benefits of his liberating policy he cried out against it and courageously gave his voice for a tax on land values. He was prepared to follow the truth wherever it might lead him, and had his followers been gifted with convictions instead of opinions the free trade cause would not be in the humiliating position it is in to-day.

In his speech at the Manchester Conference the Rev. Dr. John Hutton, editor of the *British Weekly*, said: "The policy of free trade would always be hankered after because it was a spiritual idea." It is: but the things of the spirit are at variance with the idea that the free gifts of nature are for a few, with the rest of mankind for ever at the mercy of such moral and material instability. The right of the individual to exercise his industry and his talents free from the restrictions and the interferences of a pampered monopoly is inherent in the free trade principle. The neglect and contempt of this inalienable right is what has, more than anything else, brought society to the brink of despair. Labour must be given the freedom to work out its own salvation, and the corresponding right of the people as a whole to the communal value of the land must be admitted and acted upon if the spirit of Cobden's appeal to Bright is to prevail.

J. P.

New Pamphlet.

**THE CERTAIN PATHWAY TO
WORLD PEACE**

Presidential Address of the Hon. Charles O'Connor Hennessy at the International Conference in Copenhagen, and Supplement giving in summary a graphic description of the work accomplished by the Conference

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From our Offices

HOUSING AND LAND MONOPOLY
A Hawick Case: £2,080 demanded for
Land rated at Annual Value of £10 5s

At a meeting of the Hawick Town Council on 7th September, there was a long discussion on the price to be paid to the Duke of Buccleuch for a building site on Buccleuch Road. The price first asked was at the rate of £400 per acre or £2,080 for the area of 5.221 acres. Since then the Duke's chamberlain had written that in stating a price of £400 the Duke thought he was making a fair concession as compared with the price that could be got in the open market but he was willing to reduce the figure to £300 per acre, making the total price £1,566.

Mr. Jack, director of housing for the Scottish Board of Health (whose valuer had put a value of £1,150 on the land) had intimated to a meeting with representatives of the Town Council that his expert advisers thought the price still too high. Nevertheless, not wishing to stand in the way of housing progress, he was willing to consent to the local authority borrowing the sum required to purchase the site.

Mr. Redpath moved that they purchase at the price of £300 per acre.

Mr. Laidlaw said he opposed the purchase on the ground that it was an excessive price. If the Council paid this price they would be creating a difficult precedent, and the Board of Health would be faced with higher demands for land from landlords all over Scotland. The annual value of this land was entered just now at £10 5s. and now they were asked to pay £1,566 for building purposes. It was a striking illustration of the justice that such land should be taxed on its actual value. He moved against purchase, and this was carried by seven votes to six.

The experience of Hawick is typical. The same story can be told of the ring of monopoly round all our towns. Mr. Laidlaw is to be congratulated on his exposure of the facts and on his plea for land value rating as the remedy. We hope his influence will prevail when Hawick receives the invitation to attend the National Conference of Scottish Local Authorities on the Rating of Land Values called by the Glasgow City Council for 18th November.

Fining the Poultry Keeper

How valuable land is exempt from taxation is shown in the Hawick case. How the present system on the other hand taxes and penalizes improvements is shown in the following case, reported in the *Irish Weekly* of 25th September:

At the County of Peebles Appeal Court, on 17th September, an objection was lodged against a valuation of £15 placed on poultry houses at St. Ninian's Lodge, Innerleithen.

The appellant's contention was that the houses, being movable, should not be assessed. A further point was made that henhouses formed part of agricultural equipment, and were therefore not assessable. The Assessor's contention was that, as the henhouses were secured by piles driven into the ground, they were fixtures. One of the houses accommodated 200 head of poultry. The Court upheld the Assessor's decision, and the appeal was dismissed.

The owner of the henhouse is therefore called on to pay local rates on the £15 annual valuation. The person who steals a chicken is fined once. The owner of the henhouse is fined every year in local rates. The more healthy and substantial the henhouse, the more rates there are to pay.