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## EDITORIAL

### Buying Jobs for the Workless

**"To those of us who have experienced it, unemployment is the axe laid to the root of family life. It means heartbreak for many women. It blasts the hopes and ambitions of our children. . . . Unemployment is 100 per cent to the man who is unemployed. His wages stop, and that is the lot."**

—Mr. A. S. MOODY, M.P., in Commons debate on Unemployment, April 25.

**"The major problem of unemployment today is not a lack of demand in the economy as a whole, but some areas of high and persistent unemployment which cause a great deal of concern. . . . The time has not yet come for a general reflation but what we might call 'selective reflation' is appropriate."**

—Mr. IAIN MACLEOD Minister of Labour, April 30.

**R**IPPLES of unemployment are beginning to ruffle the surface of the British economy. The Government, taking alarm, has rushed forward with its *Distribution of Industry (Industrial Finance) Bill*. This provides for grants and loans (from taxpayers' money) to be tossed to private interests in the affected areas as bread is tossed to ducks. The Commons gave the Bill an unopposed Second Reading on April 30. The debate is reported on page 102. Five days earlier the House accepted after debate a motion calling on the Government to introduce plans immediately to deal with the increasing unemployment in all areas hit by the present trade recession. The motion was tabled by a Labour Member, Mr. A. S. Moody, M.P. for East Gateshead, who spoke with passionate eloquence about the evils of unemployment.

During the debate on the Government's Bill, one or two dissentient voices were raised, most notably that of the independent Tory, Lord Hinchinbrooke. In a powerful speech, he outlined its potentially dangerous consequences. In his view, and we agree, it was a measure which one might expect from the Labour Party but not from a Government which ought to be enlarging the area of private enterprise and reducing the power and influence of government.

Parochialism was much in evidence, several Members each stressing the need for emergency *ad hoc* measures to

help his constituency and seemingly losing sight of the wider, national interest. Not surprisingly, most Labour speakers welcomed the Bill so far as it goes. They would have preferred a more liberal distribution of "public funds"—throw more bread to the ducks!—coupled with central planning and a new programme of state factory building.

Nobody in the House referred to the monster of land monopoly. Indeed, one wonders whether M.P.s are even aware of its existence. Yet this it is whose fitful stirrings are beginning to muddy the waters. Tired of the insipid Marx-Keynes-Beveridge diet on which it has lived since the war, it is beginning to snatch men and women down into the depths, as it has done for centuries.

Grants, loans, further inflation, Government controls and every other false specific are in vain. They can "give work" to a few who otherwise would be unemployed, but as like as not they will cause fresh unemployment elsewhere. At best they can only buy further time, at large expense, postponing the day of reckoning that already threatens. The high price of land has started to check development. Unless the upward trend is halted and reversed now, land prices may soon become prohibitive. If that happens, men everywhere will be flung out of work. It is imperative that action should be taken now, while there is yet time, at least to curb this worst aspect of land monopoly.

Much else besides needs to be done. People must be free to buy and sell; they must have a sound and honest money in their pockets; government must be reduced to its bare minimum.

These, however, although important, are subsidiary issues. Even under high protection, *some* trading is possible. But to the man who, through unemployment, is prevented from creating wealth and thus has nothing to give in exchange, free trade is of little practical value.

A sound currency does not succour the penniless. And it does not make much difference to the man who finds every job locked against him whether the government is limited, pure and liberal, or omnipotent and corrupt.

Therefore, resuming our metaphor, the immediate need is to hack the monster's tentacles from the source and site of all employment and economic activity—the land. Nothing else will avail.

Excalibur is the land-value tax. The monster will retreat at the first determined move to tax land values. Land speculators will immediately begin to offer land on the market at reduced prices. That happened in Britain in 1931. It happens regularly in Victoria, Australia, whenever popular pressure in favour of rating land values begins to build up. The Government has only to say the word today and it could happen here again tomorrow. Of course, land prices would fall still further when the land-value tax actually came into operation. As a result, projects of every kind which are now held up because the high price of land makes them unprofitable would begin to be put in hand. Thus new jobs would be created. Employment opportunities would multiply as the rate of the tax was progressively increased and taxes on production, etc., were consequently progressively reduced.

From the general, we turn to the particular. The Government's Bill has only one short clause. This extends the Treasury's existing powers, under the 1945 Coalition Government's *Distribution of Industry Act*, to make "grants and loans to any person carrying on or proposing to carry on in a development area any industrial undertaking" as defined. The Government propose that such financial assistance shall be granted *also* to trade and business undertakings, whether or not they are inside the scheduled development areas. The only condition attached is that the Board of Trade shall be satisfied that the money is required for "a purpose likely to reduce or contribute to the reduction of the rate of unemployment in any locality in which, in the opinion of the Board, a high rate of unemployment exists and is likely to persist."

The Bill is another step on the road to the authoritarian, corporate state. It will strengthen the central government's already excessive power over the economic life of the country. It is destructive of private property. Whether

#### REMINDER TO READERS

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payments are met out of tax revenues, or by turning on the printing presses again (inflation, or currency debasement) the whole object is to take from some to give to others. *From each according to his ability, to each according to his needs.* And this from an administration with the "Conservative" label, pledged to "set the people free"! It is no defence to plead that the whole tangled skein of present economic policy is based on this "redistributive" principle. To take from a man what is rightfully his is invariably wrong. To give it to another whose "need" is judged to be greater does not make it right.

Those who sponsored and who support the Bill ought to read Bastiat's essay on "Things Seen and Things Unseen." Men and women at present unemployed will be "seen" at work, and the measure will be adjudged a success. But "unseen" elsewhere, established, profitable industries will contract because their customers' purchasing power has been cut by the taxation and/or inflation this scheme involves. Employment opportunities are merely to be transferred from some parts of the country to other parts. Simultaneously, and by the same means, land values will be shifted. Land will become more expensive in the revitalised areas. Mr. Cyril Bence's instance (see page 103) of how fishing rights—which, really, are land values—could be enhanced under the Bill is a homely illustration of what will happen, and why. Probably the Second Reading of the Bill has been sufficient to put the process in train. Elsewhere (all other things being equal) the *tendency* will be for the upward curve of land prices to flatten out whenever economic activity slows down. Land values are always remarkably sensitive and responsive to any change in the economic climate.

Substitution of the criterion, "Will this undertaking reduce unemployment?" for the normal commercial test of profitability will reduce the total national production. The "economist's cake" will be smaller.

The Bill bears the stamp of the restrictive outlook which dominates politics today. It is of a piece with trade union and trade association anti-social practices, and with tariffs and quotas. And despite the Minister's denial, it is a blank cheque which, as Lord Hinchingsbrooke said, *could* be used for mass bribery in industry. Might it not be similarly used to buy votes in a General Election?

The choice, as Lord Hinchingsbrooke presented it, is between 5 per cent unemployment or 5 per cent annual inflation, or some half-way compromise. What a hideous choice. Imagine men dividing on that issue. Picture the hoardings at election time. "One million on the Dole Means Prosperity for All"—"We Will Raise *Your* Cost of Living and Destroy *Your* Savings"—"Vote for 2½% Unemployment *And* Inflation."

The *real* choice is between Freedom, Truth and Justice—which means in this context admitting that "God Gave the Land to the People," taxing land values and banishing protectionism—or a slump that may make 1929-31 seem like a picnic. The Government's silly little Bill is quite irrelevant.

P.R.S.

*Land & Liberty*