

## LAND VALUES

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### "OUR POLICY"

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—  
*Henry George.*

## POVERTY AND WASTE

Among the many questions forced to the front during the present war, the need for personal economy, especially in expenditure on things roughly classed as luxuries, has been preached from the house-tops as an urgent and imperative individual duty. Discussion of the financial and economic benefits the State would gain by such personal saving has brought on the stage writers with whom many of us were before unfamiliar. Prominent among them is Mr. Hartley Withers, who, as author of *WAR AND LOMBARD STREET* and other books on money and banking, has earned the right of respectful attention to what he may say on kindred questions. He holds views concerning economy which he applies not merely to the accidental circumstances dictated by the war but also to normal social life; and his recent work, *POVERTY AND WASTE*, as the title suggests, is an attempt to find the cause of poverty simply in the unwise personal expenditure, in the wasteful extravagance, of the individual. It is not a new doctrine but it is expounded with so much enthusiasm and vigour in this book, and is so commonly accepted, that it deserves more than passing notice.

Mr. Withers leads off with an introduction on the disillusion of civilisation and the poor lot of the wage earner. He shows how, despite the wondrous power we have acquired in extracting from Nature's storehouse an abundance which should provide every worker with all that is needed for a full and happy life, there yet remains an uneasy and well justified feeling that he is "not one whit the better off." We command productive powers till lately undreamed of, and yet large numbers without whom industry could not be carried on at all live lives pinched and cramped and devoid of the simplest decencies, while at the other end of the scale are men of quite ordinary intelligence and acquirements who are in enjoyment of princely incomes in return for little or no useful service. He then proceeds to inform us how a fundamental change for the better may be made:—

"A remedy would be found at once if those who have money to spend would grasp and act on the very simple fact that, since the producing power of mankind is limited, every superfluous and useless article that they buy, every extravagance that they commit, prevents the

production of the necessaries of life for those who are at present in need of them. The man who cannot be comfortable without half a dozen motor cars and pursues his own comfort by buying them, thereby takes bread out of the mouths of the hungry."

There we have Mr. Withers' text. Now it is one thing to condemn to perdition a civilisation which implies poverty and luxury cheek by jowl: it is quite another to say that the luxury is the cause of poverty. The statement is made again and again throughout the book; but from cover to cover of proof there is none. The assertion (we will not say argument) is that if expenditure on luxury were curtailed the money saved would be invested as working capital for the production of necessaries. The effect would be (a) increased production of necessaries, (b) lower prices of necessaries due to greater production, (c) increased demand for labour because of the increased capital devoted to its support, (d) wages would therefore rise and the wage earner be enabled to buy the increased production of necessaries.

This is Mr. Withers' case, and it is easy to see how he arrives at it when he accepts as axiomatic the theory that money saved from consumption and invested as capital will employ more labour, increase production and lead to general prosperity—surely a remarkable conclusion for one who insists in his introduction that, notwithstanding the wondrously increased production of modern times, "the struggle for existence was never fiercer" than it is to-day. In one breath he laments that poverty has kept pace with increased powers of production and in the next advances as a cure a course of action alleged to cause still further production.

But letting that pass, what support is there for the oft repeated assertion that money saved from consumption and invested, will increase production and raise wages? Do facts support the idea? Take at random the case of our railway companies which, instead of distributing profits to the hilt, are now devoting part to the capital expenditure necessary for electrification of their lines. It is true, as Mr. Withers says, that the efficiency of the Railway Company has risen, for more goods and passengers are carried than before. But does that mean higher wages and cheaper necessaries for the railway companies' servants? We know it does not. Why, the whole elaborate structure built up by Mr. Withers falls to bits when faced by simple facts like this. It is only our venerable grey-bearded friend the Wage Fund Theory, long since blown to powder by Henry George, once again called on the stage. It is the theory (presented to us in the attractive rôle of the pleader for economy) that the demand for labour is limited by the amount of capital available. We would have thought that labour is not limited by capital but rather by the natural resources to which it is allowed access, and that wages will rise or fall according as that access is free or restricted. Yet it is a notable thing that though this book purports to discuss the wage question from bottom upwards, there is not to be found from cover to cover a solitary reference to how wages are affected by the terms on which labour is permitted access to natural resources. In the author's own words towards the end of his book:—

"We have encountered the capitalist, the employer or manager, with his staff of clerks, the workman, the conveyer, the merchant, the broker, the advertiser, the retail dealer, and the banker who provides them all with currency and credit."

Why amid this galaxy not even a distant reference to the "interest" that dictates the terms on which the natural element vital to them all may be used? Mr. Withers' aim is increased supply of necessaries. Is it too much to suggest that as a means to this end, freer access to nature's storehouse might be of some effect? To return to our author's proposition which he advances as one which need only be stated to be accepted, viz. :—

"by buying luxuries we are stiffening the price of necessaries and so making the poor poorer."

and that

"everyone can do something to solve the problem of poverty by lessening expenditure on luxuries and adding to the stock of available capital."

Let us test the truth of this in the simple case of a community consisting of, say, a farmer, a fisherman, and a wage earner employed by them in making "friperies." Suppose, now, they sternly resolve to stop spending money on such friperies, invest what they thus save in agricultural implements and set the man to work food growing. Is there even a shadow of a reason to expect that he will, because of the change, get any rise in wages out of them? Is it not true that they will in any case only pay him as much as he has the power to enforce? And if, owing to all the land being owned by them and shut to him, he has no alternative but to work in their employment, why should they pay him a penny more than a living wage whether it be luxuries or necessaries they chose to put him on to? The man's labour has merely been directed from the production of "friperies" to the production of food but the amount of labour in demand is not increased by one jot or one tittle and there is no new force set to work which makes for higher wages. So we are brought back to Mill's dictum :—

"a demand for commodities is not a demand for labour."

In support of his axiom that capital is the result of saving and the greater the amount of it the higher do wages rise, Mr. Withers asks us to picture an aboriginal fisherman fishing from the rocks with rod and line

"who lays up a store of dried fish and keeping himself alive thereon makes himself a canoe and thereafter can paddle out to the banks which lie two or three miles from the shore where in one day he can get as many fish as he could catch from off the rocks in a week."

Has not, he asks, this abstinence resulted in the production and use of capital (the canoe) and a higher return to the man's labour? It has. But take a step further and suppose the fisherman owns all the land and the forests. Suppose also that he has a dependent who cannot get any of the land and that he employs this dependent to fish in the canoe; would he pay him even a fraction more than he did before there was any canoe in the question? The only way for that dependent to better himself would be to gain his economic freedom, and this he could gain in no other way than by getting access to the land and the forests so that he could build canoes and fish "on his own," if he desired the alternative. So our reply to Mr. Withers is: not through the saving of the rich and their investment in production is the condition of the wage earner to be bettered but through the opening to him of natural resources now locked up. In this way he will gain independence and an alternative to wage labour.

It is quite true that did we live in a society where each man's share of the total produce was commensurate

with his contribution to that total, the more the luxuries produced the less would there be left of necessaries for those who want them. If this were all Mr. Withers meant every one would agree. But he is not writing of such conditions, for they do not exist though they ought to. He is writing of present conditions under which some put very little into the pool and take a great deal out, while others put a great deal in and take very little out. This is not because of the fact that some people consume luxuries instead of saving and investing in necessaries. It is because the control of opportunities is in the hands of a privileged few, so that the majority cannot get access to land or minerals of any kind without their leave. The law even puts a premium on the locking up of land by exempting unused land from taxation. So long as such conditions remain, the inequality which Mr. Withers deplors will remain too. This denial of man's most elementary right causes, among other things, an unstable condition of the labour market. The outlets for work being thus limited, there are, in normal times, always more men seeking for work than there is work for; which causes the wages of the labourer to tend to the mere living point whether the minority please to revel in luxury or not. Wherever opportunities are restricted we find an overcrowded labour market, the demand for labour less than the supply, and as a result—poverty. The self-denial of the rich or the investment of their capital in the production of necessaries will make no difference.

In confirmation of this we invite Mr. Withers to consider the history of every new settlement where there is plenty of good land open but scarcity of capital. If the scarcity of capital really limits employment, as Mr. Withers says it does, wages would be low in these settlements and there would be unemployment. But we know that the very opposite always is and always has been the case, and that in all new countries, where land is easily available, wages commence by being high and work plentiful, but that, despite increase of capital, they suffer a relative decline and unemployment makes its appearance just as land gets privately monopolised. Will Mr. Withers explain? Again, in old countries like China and India capitalists are tumbling over each other in their eagerness to provide capital for all kinds of enterprises. Will Mr. Withers explain why the wage earner's condition is so miserable there?

Mr. Withers' position is a curious one. His sense of justice is outraged when he sees consumption of luxuries by those who earn little or nothing if measured by any services they render. His remedy is that they should forego such consumption. He wishes them, by a self-denying ordinance, to renounce the fruits of an economic system which enables them to appropriate the earnings of others. After you have done the plundering and the damage is complete you are to decline to enjoy the proceeds. Ought we not all to realise that merely to abstain from spending wealth which laws, as they at present stand, enable some to acquire at the expense of others, cannot in any way repair the evil done in process of obtaining it? It matters not the least, so far as poverty is concerned, how those who appropriate land values spend them. The proceeds may be squandered in luxurious living, they may be converted into capital. The trouble with the wage earners, in any case, is that they produce in plenty but can only consume a small part of what they produce owing to the various tributes and restrictions they are subject to. Mr. Withers proposes only to change the kind of things

they produce, though how this is going to increase the quantity they can purchase, so long as the tributes on their labour remain, passes the wit of man to see. To increase what they can demand they must increase what they have to offer—no supply without demand and no demand without supply. Mr. Withers locks the door when the steed is gone. We wish he had shown a way to stop the robbery. Was not John Ruskin right when he said:—

“The question is not how a man spends his money but how he gets it”?

This is the question which is pressing for an answer and which our politicians and publicists will not touch or only write round about. The calamity is upon us, and old-time arguments dressed up to suit the occasion are being put forward to lead us back to positions long since abandoned. But this bottom question remains: How does a man get his wealth? Not till that is answered shall we know why labour does not get its share, and when it is answered we shall discover how intimately is bound up with it the unlocking to all of the natural resources of the land. The way will then be open for a lasting solution of economic problems.

W. R. L.

### ORGANISED CHARITY

(Percy Flage in the SINGLE TAX HERALD, Philadelphia.)

Not long ago the good people of your Charity Organization Society held an educational exhibit on Chestnut Street. One of their signs invited me to “put brains into charity.” Perhaps I have no brains, for it is clear to me that charity is a nuisance, a disease of which society should be ashamed. Few people listen to me.

It appears to me that charity is due to poverty; poverty is due to lack of goods; goods are made by labour applied to land; there is unemployed labour and unused land; if unemployed labour be allowed to use the unused land it can make goods, and will not need charity. The C.O.S. may then disband and do useful work. As for me, they will not be sending me hurry calls for help every little while.

That’s a glorious program. And every step as logical as Euclid! I put it up to one of the C.O.S. men and showed him that it was as easy as rolling off a log, but he said there was a flaw in my reasoning; the land was owned by men who would not use it; nor would they allow any one else to use it. What a strange custom for a City of Brotherly Love!

Then I reasoned with him and showed him (or thought I did) how a few doses of single tax applied to vacant land would solve the problem; would unlock land, unchain labour, and would allow the C.O.S. people to engage in production instead of being an expense to Philadelphia.

The C.O.S. man did not answer my argument; he simply looked weary. He said: “You’re a theorist!” I acknowledged I was trying to put brains into charity. But he had no time for me; he turned away and asked contributions from charitable people who never put brains into charity, because they haven’t any to spare. It is easier for such people to give money than to think. He said they were “practical.” But it struck me that they were not arriving.

That was a good sign. If the world would take the advice there would be no more charity—Charity is a disease—a dangerous one. Why not stamp it out? We have conquered smallpox—that’s almost as bad. Try single tax—there is hope! Please don’t think I am trying to sneak a patent medicine ad. into your “Mail Bag.” It is not patented, and my advice is not copyrighted.

## THE KEY TO SMALL HOLDINGS

BY

James Dundas White, LL.D., M.P.

The war has brought home to us the importance of making better use of the land, and various schemes for small holdings have been put forward, most of them based on land-purchase, and some of them having but little regard to price. There is, however, a better method of securing to the small holder the conditions which make for success. What these conditions are may be considered first.

### *Conditions of Success.*

The small holder must not have to pay too much for the land. If he has to pay too much for it then, whatever form that payment may take, his undertaking is waterlogged from the outset. The amount which he has to pay for the land may make the difference between failure and success.

The small holder requires secure and continuous possession of the land. As Arthur Young wrote more than a century ago, “Give a man the secure possession of a bleak rock, and he will turn it into a garden; give him a nine years’ lease of a garden, and he will convert it into a desert.”

The small holder should be able to make whatever he considers the best use of the land, free from any restrictions except those which are imposed by law for the general good. He should be able to realise his interest at any time and in any way, free from restrictions on transfer. He should have every opportunity of developing the land, free from the disadvantages of being rented or rated or taxed on his improvements.

### *The Fundamental Rule.*

The first step is to base the valuations for rating and taxation on the selling value of the land alone, or at least to do so as far as we can. On that basis, those who hold the land should be required to pay for it, whether they use it or not. The adoption of this fundamental rule is the key to a satisfactory system of small holdings. The pressure of the obligation to make continuous payments would soon induce those who are holding land idle, or without using it adequately, either to use it themselves or to dispose of it to others.

### *Land on Reasonable Terms.*

The amount which has to be paid for particular portions of land depends largely on the available supply of land, and at present that supply is narrowed by the holding back of a considerable quantity of land which might be used if it could be obtained on reasonable terms. The proposed system of taxation would put a stop to this withholding of land and would increase the available supply of it, so that land would be cheaper than it is now.

### *Continuous Tenancies.*

Where the man who wants the land is not in a position to purchase it and can only pay a rent for it, the continuous liability of the landlord to pay the tax would incline him towards a continuous tenancy at a continuous rent. In Scotland this could be arranged easily in view of the system of feuing and of the facilities afforded by the Small Landholders Acts. In England it