

## CHAPTER XIV

### ECONOMIC FREEDOM AND SOCIAL JUSTICE

*"In my letter to Mr George I said, 'I do not believe that your plan is the panacea of poverty.' 'Nor I,' he replied, 'but I am sure Freedom is.' Since then my faith has grown and is growing in the efficacy of this measure with the fiscal name. It is the handmaid of Freedom and must unlock the bars and bolts."—WILLIAM LLOYD GARRISON.*

*"Ablatâ justitiâ, quid sunt regna nisi magna latrocinia?"—SAINT AUGUSTINE.<sup>1</sup>*

IN the preceding chapters an argument has been advanced for what is, in form, a change in our system of taxation. If the Reform meant no more than this, no more than that some people should pay more and others less to the collectors of taxes and rates, it would not have attracted and retained, for more than half a century, the support of multitudes of earnest men and women, nor would it have evoked the bitter opposition which vested interests everywhere have put up against it. They realize that it offers us the promise and potency of a Social Revolution.

Questions of taxation have frequently altered the course of history. John Hampden's protest against a tax which he believed to have been levied unconstitutionally was one of the causes which led to a Civil War and the beheading of an English King. The attempt to levy a tea tax upon some English colonists brought on a War of Independence and the loss of the United States. We owe the freedom of the Press largely to the men and women who braved fine and imprisonment in opposing taxes which impeded the free expression of political and religious opinion. The salt tax in India stands as the symbol of some of the causes which brought that great country to the verge of open revolt. The great agitation against the Corn Laws in the "Hungry Forties" was a protest against a tax which robbed the people of cheap bread in the interest of agricultural landlords.

<sup>1</sup> If Justice is abolished, what are Kingdoms but great dens of robbers?

Richard Cobden, in his last public speech, said:—

“ If I were five-and-twenty or thirty instead of, unhappily, twice that number of years, I would take Adam Smith in hand . . . and I would have a League for Free Trade in Land, just as we had a League for Free Trade in Corn. . . . The men who will do that will have done for England probably more than we have been able to do by making Free Trade in Corn.”<sup>1</sup>

Much earlier he had given a hint of the method he would have advocated. At Derby (December 10th, 1841), after protesting against the way in which the landlords had evaded the 4s. in the £ land tax of William III, he said:—

“ I hope to see societies formed calling upon the Legislature to re-value the land and put a taxation upon it in proportion to that of other countries and in proportion to the wants of the State. . . . There must be a total abolition of all taxes upon food, and we should raise at least £20,000,000 a year upon the land, and then the owners would be richer than any landed proprietary in the world.”

And again:—

“ I warn [the landlords] against ripping up the subject of taxation. If they want another League at the death of this one [the Anti-Corn Law League], then let them force the middle and industrious classes to understand how they have been cheated, robbed and bamboozled upon the subject of taxation.”<sup>2</sup>

The inseparable, historical connection between Land and Taxation was recognized by some economists and reformers before the author of *Progress and Poverty* subjected it to a detailed examination, gave it a philosophic basis, and founded upon it a practical political policy. If the land problem were to be solved at all, the method of taxation became inevitable. The land of England has always been national property, by natural right and by constitutional law, but the rent of the public domain is now nearly all appropriated by a comparatively small class. The landlords had so manipulated our methods of taxation as to rob the people of their rights in the land of their birth. By a change in the methods of taxation, the rights, of which the people have been unjustly deprived, can be restored. By a sufficiently heavy tax on land values the people of England may become in practice what they are in legal theory, the landlords of their national home,

<sup>1</sup> At Rochdale, November 23rd, 1864. (*Speeches*, II, 387.)

<sup>2</sup> In London, December 17th, 1845. (*Speeches*, I, 344.)

collecting the rent of their common heritage and applying it to their common needs. Henry George adopted as the title of one of his writings "*Justice the Object: Taxation the Means.*"

Even if considered as a purely fiscal measure, such an act of justice will be an achievement of the very highest importance, for it will provide the means of raising revenue without penalising industry, improvement and thrift as our present taxation does. No Chancellor of the Exchequer has yet seen his way to accede to the persistent demand for the repeal of the "Breakfast Table Duties," which for many generations have "robbed the poor because he is poor" by reducing the purchasing power of his scanty wages. It has always been pleaded that these taxes "for revenue only" could not be spared. Recent years have added to these old indirect taxes a vast number of new ones, deliberately imposed in restraint of trade with other countries, under the pretence of "protecting" home industries and of "adjusting the balance of trade" —by reducing its volume, to the loss of all the countries engaged in what is openly called a "Trade War." One of the first great opportunities that will be open to the Chancellor, who completes the Land Valuation and begins to use it as a basis for taxation, will be to make a decisive step towards International Peace by the root-and-branch abolition of all these predatory imposts.

Mr George Lansbury wrote to the National Peace Congress at Birmingham that statesmen are not wicked but "muddle-headed." "They think that it is possible to establish Peace in a world governed by economic war of the bitterest kind."

An instance of this kind of folly is the embittering of the relations between Great Britain and her sister Island. Mr de Valera, to the surprise of no one who knew the history of Irish landlordism, refused to continue the payment of the Land Purchase Annuities to the British Government. The latter sought to recoup themselves by a "temporary" tariff on Irish products. The duties were declared to be neither punitive nor protective, but to be imposed only for the purpose of collecting (from the British consumer of Irish produce) moneys said to be due (from the citizens

of the Irish Free State!). Meanwhile, of course, the "non-punitive" tariff was seriously reducing the trade of the Free State with its nearest and wealthiest customer. Mr Neville Chamberlain, speaking on the third reading of his *Finance Bill*, 1934, said that on what the Government was doing with respect to the Dominions might well depend the development of trade relations between the different parts of the Empire fifty years hence. But, judging from the repercussions of the Ottawa Conference, and the controversies raised by the attempt to "protect" this country from the cheap wheat and meat sent to us by Australia and New Zealand as well as by the Argentine Republic, there is some reason to doubt whether there will be any Dominions in the Empire after fifty years of tariffs. They all, admittedly, have the right to secede, and Western Australia is already claiming the right to leave the Commonwealth, mainly on the ground of the injury done to its industries by the Federal Tariffs.

Two great fears obsess the workers of the world: the fear of Poverty and the fear of War. The preceding chapters have been written to little purpose if they have not shown that involuntary poverty is the outcome of Land Monopoly and unjust Taxation. Have these evils anything to answer for in the matter of War?

Apart from the Wars of Religion (in so far as Religion was not a cover for other ends), wars have usually been waged for some economic advantage: for additional territory, for new markets, for access to the sea for trade purposes, for relief from oppressive taxation. Even if such advantages were not the avowed object of hostilities they have generally gone to the victors as spoils of war. Alsace-Lorraine, with rich deposits of potassium, has been shuttlecocked between France and Germany for centuries. Long after the Great War the coalfields of the Ruhr and the Saar remained a bone of contention between the two countries. The Versailles Treaty deprived Germany of her Colonies, and left a great country with a grievance which bemocks the so-called Peace.

Lord Salisbury told us, as we went into the Boer War, that "We seek no goldfields": but the Transvaal and the Orange Free State were annexed all the same. The Gran

Chaco, over which two South American Republics have been waging a sordid war with munitions supplied by European and North American armament firms, has been described as "a swampy jungle, infested with vermin, ridden by disease, too poor to sustain existence for the nomadic Indians that haunt it";<sup>1</sup> but it is known, or at least believed, to be rich in mineral oil, timber, cattle and tannin, and the Standard Oil Company and some Argentine capitalists are said to be interested in the result of this wretched conflict.

The abolition of "Protection" would remove the cause of the constant friction between nation and nation, which breeds mutual ill-will between peoples whose real interest it is to co-operate by the friendly exchange of the products of their labour. Nature has distributed her gifts widely among the nations of the earth. Each can produce something which will be useful to and welcomed by other nations. Complete Free Trade would enable each nation to share in the advantages which the others enjoy, *e.g.*, by the exchange of the manufactures of temperate climes for the fruits which will only ripen under tropical suns, and so on; just as the taxation of land values will enable all the natives of a country to share in the value of its natural opportunities. Free Trade in its completeness would do more for universal Peace than all the pacts of non-aggression. Disarmament, with its promise of a very large reduction of Budget requirements, would naturally follow the cessation of the Trade War.

A Government, by whatever name it may be called, pledged to set up a just system of taxation might well begin by levying a land value tax large enough to give relief, at least to those who have suffered longest and hardest under old injustices, by abolishing the cynical injustice of indirect taxation, whether avowedly "protective" or not, on the necessities of life and the raw materials of industry, and by raising the limit of income below which income tax is not payable. An Act for assessing local rates, in whole or in part, on land values would reduce the burden of both rent and rates upon housing requirements, and

<sup>1</sup> *News Chronicle*, May 19th, 1934.

open up a way of escape for the overcrowded and the slum-dweller. Once established as an integral part of our fiscal system, the taxation of land values could be made as fruitful and growing a source of revenue as Income Tax and Death Duties have been in the last fifty years. Budgets would become simpler and more easily "understood of the people" as the old familiar imposts successively dropped out of the list, till the land value tax reached its consummation as a fiscal resource, by collecting for the Nation the Rent of the National Estate to which the presence, industry and public expenditure of the community have given its value. Public life would be made sweeter by the removal of the temptations to evasion, provoked by inquisitorial Income Tax Forms, and by the Custom House searchings of luggage for an untaxed pair of silk stockings or an un-Customed box of cigars or packet of saccharine. Business men would no longer have to submit to the intolerable delays and expense entailed by the Tariff Duties levied by overworked officials on the goods they import. The complications of a "scientific" Tariff are far greater than most people suppose. For instance: a duty on sugar seems, at first mention, a quite simple matter—so much sugar, so much tax, But it is by no means a simple matter when foreign sugar reaches the British Custom House. There are no less than 24 grades of sugar for taxation purposes, and 24 rates of tax, determined in each case by a polariscopic test. Moreover, any article into which sugar enters as a component is taxed upon its sugar content. When the tax was first re-imposed the present writer obtained from the Co-operative Wholesale Society a list of 35 classes of goods which contained sugar and became subject to the tax. The chemical substitute for sugar—saccharine—is far more heavily taxed, and its importation is subject to very special conditions. Similar complications attend the "tariffing" of silks, chemicals and so on. The distinction between "fine" and other chemicals, important to dealers in them because of the wide differences in the rates at which they are taxed, often leads to disputes and delay, annoying and costly to dealers and consumers alike.

Yet most of those who support "Protection" would

probably oppose taxation of land values on the ground of the supposed difficulties that beset the valuation and taxation of a subject that cannot be concealed or moved or "smuggled," that lies out-of-doors for all men to see, that is being valued every day in the ordinary course of business, both for public and private purposes, by professional men.

Unjust taxation has turned the Kingdoms of the World into what a great Father of the Church has called "great dens of robbers." The mass of the people has been robbed, individually, of part of the earnings of their labour, the products of their industry, the comfort of their homes and the pleasures of life; robbed, collectively, of the enormous values which they have given to the land on which they live and work. To establish Justice in Taxation will be no mean contribution towards the upbuilding of a happier condition of Society.

Important as are the fiscal benefits to be secured by the new basis of taxation and rating, it is upon its economic and social results that the highest hopes of its advocates are based.

Land would be freed from the incubus of private monopoly by the pressure of a "tax" which would make it a very costly luxury to hold land out of use. With land available for every kind of productive use, and industrial buildings and machinery completely tax and rate free, the army of involuntarily idle workers, disemployed under existing arrangements, would be demobilised. For two million or more of our fellow-citizens, now reduced to poverty, wages would take the place of a beggarly "dole." Wages would rise, not through the reduction of the number of workers, as during the "Black Death," but because of the multiplication of available jobs; and those who, through no fault of their own, have been a burden upon public funds or private charity, would become profitable customers for the productions of native industries and the untaxed commodities imported from abroad. The home market for home productions would be re-established, and the standard of living would rise.

We have learnt from the Socialist, Karl Marx, that the exploitation of the worker by the capitalist is based upon

land monopoly, which denies the worker access to land,<sup>1</sup> and from the Capitalist, Charles Booth, that "*the modern system of industry* will not work without a margin of unemployed." When access to land is assured to the worker his relation to his capitalist employer will be completely altered. Economic freedom will bring a new order in the industrial world. Men will no longer work for sweated wages, and the relation of master and man will be supplanted by a free partnership in production, under which employer and employed will each receive the full value of his contribution to the joint product. The old Social Democratic ideal—"work for all; overwork for none"—will be realised.

When building sites and land yielding building materials are freed from monopoly, the housing question will, so to speak, solve itself. State subsidies will no longer be necessary, and, with cheaper houses, assured employment and higher wages, "charity rents," at the cost of the taxes and rates, or of the philanthropist, will no longer be called for. The unfortunate victims of a long continued injustice will not be compelled, for lack of means, or through lack of alternative accommodation, to go on living in houses long ago condemned as unfit for human occupancy, and the slums will be swept away without the supposed necessity of paying compensation to those who have been making a wicked misuse of the land which they disfigure. With the disappearance of these hot-beds of misery, sickness, infant mortality, premature death, vice and crime, the sanitary departments of our municipalities will be relieved of a great deal of the costly work now thrust upon them.

The "Single Tax," by making the State the sole rent-receiver, would greatly simplify the making of public improvements. Under present conditions, if land is required for an improvement its holders have to be bought out; and, when the improvement has been made, the value of the benefits it confers upon the neighbourhood are reaped by the holders of adjacent lands in increased rents or selling prices. Under the new system the State would simply "resume" the land required, and no compensation would be paid in respect of the land, though, of course, the

<sup>1</sup> See Chapter IV, above.



outgoing "tenant" would be compensated for existing improvements at a valuation, with reasonable compensation for disturbance. Any increase of land value due to the improvement would automatically accrue to the public funds at the next re-valuation. In the case of the purchase of a private park in N.E. London for £30,000 by the L.C.C. and some other Local Authorities, it was stated at the time that, if the resultant increase of land value in the vicinity could have been collected for public account, the transfer of this tract of land from private to public use would have cost the Councils nothing.

The manufacturer, farmer or smallholder, requiring the use of land for his business would no longer have to sink part of his working capital in purchase-price for the land; he would only have to pay for the improvements (if any) and thereafter to pay, from year to year, the one "tax" which discharges his rent to the State. He would be able to build or make other improvements to his heart's content, to adopt the newest methods and machinery, without having his enterprise punished by an increase of taxation. Unless the value of the land he occupies is increased by causes outside his own personal activities, his payment to the public funds would not be increased.

It is only when land monopoly has done its worst and has brought trade depression to its deepest that its despairing victims, not realizing what is the fundamental cause of their troubles, turn to the Government for help, or change the colour of their shirts and place themselves under the heel of a Dictator. The air becomes thick with well-meant schemes for relieving their distress by taking away what liberty the landlord and the tax-gatherer have left to them. Even in our own country there is little to choose between what the "National" Government, with its huge Tory majority, is doing to "help" the distressed agriculturist and some of the things that the Labour and Liberal parties are promising to do for him. Instead of freeing him from the domination of the land monopolist, they all propose, in varying degrees, to subject him to the control of a new Bureaucracy. The re-organizing of industries, imposed from Whitehall, the marketing schemes, bolstered by tariffs and quotas, are already promoting the formation of

new monopolies, which will take full advantage of the opportunities the Government has given them of raising the prices of their products against the consumers. Price-raising is indeed the avowed object of the British Government, as of President Roosevelt. It is not surprising that the Consumers' Council finds itself helpless.

The followers of Henry George are sometimes said to be men of one idea. Because they see more clearly than many others do that, land being the first and most fundamental necessity of human life, the question of its availability for man's use must necessarily underlie all our economic life, they are accused of believing that the breaking-up of land monopoly is the only thing to do. No one can honestly say this who has read with reasonable care Henry George's writings or speeches. What he always said, and what his English followers have always said, is, it is *the first thing to do*. Chapter XIX of his *Social Problems* is headed: *The First Great Reform*. We hold, it is true, that the doing of it will make many of the current proposals for Social Reform unnecessary, because it will automatically ensure the object they aim at and that it will make many other reforms more easy of accomplishment and more certain of their intended results.

Is it altogether worth while to go on endlessly effecting municipal reforms when we know that their cost is often made almost impossibly heavy by the claims of landlordism, and that their most certain results will be registered in the banking accounts of the owners of the "permanent proprietary interests" in the town, thus enabled to appropriate a larger and larger proportion of the wealth produced, without making any contribution thereto? It has been proved, and is well known, that new roads, bridges, tunnels, ferries, tube railways, cheap workmen's fares, electric tramways, parks, embankments, free schools, old age pensions, a general increase of wages, wealthy local charities, even a flourishing co-operative society; all these bring about an increase of rents to the landlords in the neighbourhood where their benefits can be enjoyed. This is the result of the inexorable Law of Rent—and of man's mistake in allowing the "Mother of all things" to become the subject of private monopoly. By well-considered reforms we can make

a district a healthier and pleasanter place to live in, a more profitable place in which to carry on a profession or business or earn a living by some trade. People naturally flock to such a place and by their competition for houses, shops, offices, factories, *i.e.*, for sites, raise the price of land against themselves. When the Tube railway opened up the hamlet of Golders Green, formerly cut off from London by the Northern Heights, London people flocked there in search of lower rents and fresher air. A smallpox patient might just as well go into the country to escape from the disease which he could only carry with him and communicate to others. There was a phenomenal rise in land rents and prices at Golders Green, even while the Tube railway was only in the making. The line was then extended to Edgware. The immediate result was that the farmers' fields grew a wonderful crop of notice-boards announcing "Building land for Sale." So true is it that "population makes land values," even when it is only a future population casting its shadow before it.

There is no good reason why the First Great Reform should be a Party question in the political field. Members of all parties suffer under the present injustice. To give practical effect to an admitted principle of constitutional law, that no man can *own* land, he can only hold an estate in land, re-affirmed by the Tory Lord Halsbury in his *Laws of England* and by the Tory Lord Birkenhead in his *Law of Property Act* as recently as 1922; to restore to the Crown its right to the dues of which landlord Parliaments deprived it 275 years ago; sounds like a proposition that should commend itself to a Party which prides itself on being "constitutional" and on its loyalty to the Crown. Some of the great towns that return Tory members to the House of Commons have asked, through their Municipal Councils, for the Rating of Land Values. The Liberal Party has honourable traditions in respect of Political Liberty and Freedom of Exchange. We ask the Liberals to complete their old fight for Liberty, by helping to win Economic Freedom. Those who prefer to call themselves Radicals should joyfully join in carrying a Reform which goes to the root of our principal public troubles. The Labour Party, always keenly interested in unemployment, housing

and international peace, is already responsible for enacting a first step towards our Reform, and could, as we have tried to show, do much to advance all their objects by re-enacting in a more effective form the Act which Mr MacDonald's Government repealed. As the Labour Party now describes itself as "Socialist," it may be well to recall a notable passage in *Progress and Poverty* (Book VI., ch. I., v.). "The ideal of Socialism," says Henry George, "is grand and noble; and it is, I am convinced, possible of realization; but such a state of society cannot be manufactured—it must grow. Society is an organism, not a machine. It can live only by the individual life of its parts. And in the free and natural development of all the parts will be secured the harmony of the whole. All that is necessary to social regeneration is included in the motto of those Russian patriots sometimes called Nihilists—'Land and Liberty.'"