

The Profit Motive in Industry *disconnected, no unity*

By A. G. HUIE. *The problem which vexes our socialist friends so much is handled in masterly fashion in this letter to a Presbyterian clergyman in Sydney, Australia. The author is Secretary of The Henry George League of New South Wales, and editor of The Standard, the leading Georgist journal in the Antipodes. As speaker, teacher and writer in the cause of economic freedom, Mr. Huie has long held a position of outstanding prominence in his part of the world.*

* I HAVE READ your interesting article in the *S. M. Herald* on "The Profit Motive in Industry." The title is one that appears to divert attention from real issues. Man seeks to secure his needs with as little effort as possible. To follow the line of least resistance is quite natural. The profit motive which animated the two men who received five and two talents in the parable is not wrong. The man who received one talent lacked a profit motive and got into trouble. Our extremes of wealth and poverty are due to other causes.

You do not indicate where the main advantages of mass production go. What is it that gives a few the power to resort to economic vandalism? The Luddites smashed machines because they feared that their use would take away their means of livelihood. No alternative way of earning a living was in sight. Machinery increases man's power to produce wealth. It can only promote unemployment if the sources of production are seriously restricted. If machines are to properly serve the people it is necessary, as you state, to make them our servants.

Now why are they not the servants of the people? That is a vital issue; blaming the profit motive will avail nothing. I have seen farming machinery developed in this country from the flail and the single furrow plow to the tractor and harvester. I have seen bad, boggy bush roads over which bullocks slowly toiled, altered to the great network of railways and good roads with motor cars and trucks. In many ways machinery has increased production power. And what is the result? Bread is dearer. And what applies to bread applies to other products of the land which the average family needs.

Where, then, have the advantages of modern progress gone? Into the land, greatly increasing its value for the few who own it. Now this monopoly of natural resources is becoming increasingly serious and our politicians have not the courage to face the issue. In fact they have greatly aggravated the position by giving special privileges to many secondary industries. In this way machinery aids them in production while their

monopoly enables them to charge consumers more than their goods are worth.

Have you considered what occurred after the 1914-18 war? The Australian experience was before you arrived in Sydney. Let me briefly set it out. After the Armistice was signed in 1918, and the world struggled to resume peacetime pursuits, we had food and raw materials. There was a good demand and good prices for them. Governments continued to borrow largely for public works and soldier settlement. They spent £29½ million in resuming land for settlers. In about 12 years the losses were £23½ million. By 1939 more than half the returned men put upon the land had left it.

Now the effect of good prices for primary products, and lavish loan expenditure boomed up the value of the land. When prices for our exports fell it did not pay to work land acquired at inflated values. The depression was upon us. Land speculation invariably precedes a depression. Australia is a country with great natural resources and a very small population—too small to ensure our national safety. There is less excuse for unemployment here than in more densely populated countries.

You state "Christ did not ask of men words but deeds." But what sort of deeds? We are threatened with a referendum politically splitting the country in two, to amend the Constitution. Carry it and continue war-time restriction and planning and another depression, worse than the last, is inevitable. Consider what followed the Napoleonic wars,—the worst poverty in all British history, as shown by Professor Thorold Rogers in "Six Centuries of Work and Wages."

Conditions began to improve with the abolition of the Corn Laws and adoption of Free Trade. The Atlantic Charter, which if it means anything in post-war reconstruction, requires equal right of access on the part of all nations to the trade and raw materials of the world. Its authors have given the nations a lead. The Allied nations, including Australia, have endorsed it. Effect can be given to its principles with our present Constitution.

The reward for labour should be the full value of the wealth produced or the service performed. It is no use blaming capitalists, and denouncing uncurbed greed and cornering of goods while Parliament enacts laws which provide opportunities for such injustice. The essential thing is to take away the unjust special privileges which promote unjust conditions. You rightly point out that, "these abuses may be tackled successfully by legislation if there is a powerful enough public opinion against the brigand spirit." Just so, but how will the church assist in moulding public opinion?

You write about investigating "our banking system, our system of land tenure and our methods of industry." May I point out that all the necessary investigating was done long ago. Patrick Edward Dove, the Scottish economist, did it nearly 100 years ago. Henry

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George and other writers have clearly shown that the chief benefits of progress and civilization have gone into the land for the benefit of the owners at the expense of the mass of the people. The loss of the community's natural revenue to the landowners has led to increasingly burdensome and unjust taxation.

We had a lengthy banking enquiry a few years ago. Where did it lead? or what benefit has it been to the people? We have had for many years an expensive Tariff Board investigating industry, chiefly secondary—a never-ending job that leads us further into the mire. We have had Arbitration Courts and kindred bodies for 40 years and there is more labour unrest than there was when the system started. What we do need is action by political leaders to restore to the people their natural rights in the land which have been filched from them.

A man of the type of Moses or Nehemiah is the need of our time. Years of investigation would lead nowhere. It might produce what Gladstone called a litter of reports. There is no more effective way of evading the responsibility for action than by appointing a Royal Commission, or a Committee of Inquiry. The Archbishop of Canterbury is more practical in his introduction to the report of a Committee appointed by a Conference of the Industrial Christian Fellowship in January, 1941.

I have not seen Archbishop Temple's views reported in the local daily press. I will quote briefly from his expressed views. He said, "occupying serviceable ownership is a prerequisite of any ethically sound land system." He continued:

"Much of our trouble is due to ill-managed land; to the evils of mortgaging and to the existing rights of landlords; and it is undeniable that these last are excessive if social function is taken as the justifying correlative of possessive rights. In particular, the owner of the sites of cities has hardly any function that would not be as well or better performed by a public body, while he absorbs a great deal of wealth communally created; this is conspicuously true of those who own land on the outskirts of growing towns. These are tempted to hold up land needed for development in hope of a rise in price. Thus private interest is directly opposed and deliberately preferred to public welfare. That is morally wicked; but it is also so pernicious politically that it ought to be prevented. For some critics, it is not ownership which is objectionable but the power to collect economic rent, to evict, and to forbid the use of natural resources.

"Both these classes of evil would be remedied in great measure by the levy of a tax on the value of sites (as distinct from the buildings erected upon them), whether used or unused, rural or urban. In this field the inversion of the

natural order, which is characteristic of our modern life, is especially important. If house property is improved (a social service) the rates are raised and the improvement so far penalized; if it is allowed to deteriorate (an injury to society) the rateable value is reduced and the offending landlord is relieved. Taxation of the value of sites (as distinct from the buildings erected on them) would encourage the full utilization of the land."

Unless strong action is taken we will have a severe depression after this war. It is the usual experience. It was noted by Tiberius Gracchus over 2000 years ago. He said: "The private soldiers fight and die to advance the wealth and luxury of the great, and they are called masters of the world, while they have not a foot of ground in their possession." I submit that the remedy which we need is to put the responsibility for holding land upon the owner. Require him to pay the ground rent to the community, relieve industry of unjust taxes—all taxes are unjust. That will make it profitable to use land and unprofitable to hold it idle. It will provide what all men are entitled to—work and wages.

The saints who hold the affections of the world are men like Francis of Assisi who learned to love and help the lepers; men like William Booth of the Salvation Army, who could form a saintly circle of outcasts on any dingy street corner; or men like the late Sir Wilfred Grenfell, who could keep a warm heart and radiant smile among the fisher-folk of frozen Labrador. Henry George, the social worker and tax reformer, was once in conversation with Cardinal Manning of England. Said the Cardinal to Mr. George, "I came to love my fellowmen because I first loved Christ." Replied Mr. George, "I came to love Christ because I first loved my fellowmen." Love works both ways. We may start out like Cardinal Manning with a mystic adoration of our Lord and then learn that such love is meaningless unless it eventuates in love for our brothermen. Or we may set out like Henry George, the social reformer, to serve our fellows. . . ."

DR. RALPH W. SOCKMAN, Pastor
Christ Church, New York, in
the *Christian Herald*.