

CHAPTER V

THE SUFFICIENCY OF THE REFORM

THOUGH man can never foresee all the consequences of even minor interferences with social relations, though for this reason alone considerations of expediency offer no reliable guidance for social conduct, yet it is not impossible to foresee the wider results of any measure based on considerations of justice. For, apart from the certainty that measures founded on justice and recognised as such by the community must work beneficially, it is possible to trace social symptoms to their causes, to establish a causal relation between unjust laws and resulting evils. Wherever this has been done successfully, it may be positively asserted that the removal of the cause must, sooner or later, lead to the disappearance of the resulting evils. It, therefore, is possible to present in broad outlines a picture of the changes in social relations which the gradual adoption of the Single Tax system must produce.

Speculation in land, increasing its price, and, by holding land out of use or full use, increasing the rent of all land, becomes purposeless and injurious to the speculators when the annual value of land must be paid in taxation whether the land yields an income or not.¹ Hence would arise

¹ That even a small tax on land-values tends to restrict speculation in land and the holding of land for inferior purposes, is admitted in the following passage taken from *The Report of the Royal Commission on the Housing of the Working Classes, 1885* :—

“At present land available for building in the neighbourhood of our populous centres, though its capital value is very great, is probably producing a small yearly return until it is let for building. The owners of this land are rated, not in relation to the real value, but to the actual annual income. They can thus afford to keep their land out of the market, and to part with only small quantities so as to raise the price beyond the actual monopoly price which the land would command by its advantages of position. Meantime, the general expenditure of the town on improvements is increasing

a fall in rent, increasing facilities for production and increase in the demand for labour. To the direct benefit of lower rents would thus be added the indirect benefits of a greater demand for labour and higher wages.

This reduction in rent will be augmented by the removal of all rates and taxes on improvements. Buildings will not be erected unless there is an expectation that they will return interest on the outlay in addition to all recurring expenses. Hence any taxation of buildings restricts the building of houses till the resulting scarcity forces up house-rent to a level which will yield interest and tax. When such taxation is removed, buildings will be erected as soon as it is expected that rent will cover interest alone. Hence a greater abundance of houses and a corresponding fall in house-rent.

The purchasing power of wages, increased by this fall in rent, will be still further augmented by a fall in prices, resulting from the abolition of customs and excise duties, stamp duties, and other imposts, and from the disappearance of the monopolies to which such duties give rise.

More important than these changes are those which must arise in the production of wealth. The absolute necessity, arising from the appropriation of rent by the community, of putting land to the highest use for which it is fitted, enforces an enormous and constant demand for labour. At the same time labourers can obtain land without being compelled to part with any savings in its purchase. Hence, in addition to an enormous demand for labour, will arise a real independence of labour. So many labourers will be able to employ themselves, and in the absence of monopoly the anxiety of capitalists to employ

the value of their property. If this land were rated at, say 4 per cent on its selling value, the owners would have a more direct incentive to part with it to those who are desirous of building, and a twofold advantage would result to the community. First, all the valuable property would contribute to the rates, and thus the burden on the occupier would be diminished by the increase in the ratable property. Secondly, the owners of the building land would be forced to offer their land for sale, and thus their competition with one another would bring down the price of building land, and so diminish the tax in the shape of ground-rent or price paid for land which is now levied on urban enterprise by the adjacent property owners—a tax, be it remembered, which is no recompense for any industry or expenditure on their part, but is the natural result of the industry and activity of the townspeople themselves. Your Majesty's Commissioners would recommend that these matters should be included in legislation when the law of rating comes to be dealt with by Parliament."

labour will be so great, that wages must rise till they equal the value of the product of labour.¹

This point reached, there can never be witnessed such a spectacle as, unfortunately, is only too familiar now—men, willing and able to work, unable to find an opportunity to earn their bread. For when there are no monopolies in which wealth can be invested, no wealth can be saved except in forms which directly aid production and which are consumed in production. All saving then leads to increased production, increased production to a greater demand for and reward of labour, and as the workers receive the full product of their labour, consumption can and will keep pace with production.² There will then not necessarily be more wealth than now, at any given time, but there will be an infinitely greater production and consumption of wealth. General over-production, involuntary idleness, and commercial crises will have disappeared from social life.

Large fortunes also will disappear as undeserved poverty disappears. Whoever examines such fortunes—whether they are those of territorial magnates, as the Dukes of Westminster and Bedford, the Earl of Durham, the Marquis of Bute, or the Astor family; or whether they are those of commercial and industrial magnates, as the Rothschilds, Rockefellers, Goulds, Vanderbilts, and others—can see at once that they mainly consist, not of real wealth, but of the value of monopoly rights. The disappearance of private monopoly rights would, therefore, cause the disappearance of the bulk of these large fortunes. Some men might still earn large and even enormous incomes by rendering corresponding services, but such incomes would no longer coalesce into large and permanent fortunes. For the permanency of all large fortunes depends upon the possession of monopoly rights. If they are invested, as under the Single Tax system they would have to be invested, in competitive industries, they are ephemeral. The power of any man to superintend the employment of capital in competitive industries is limited. If the capital so invested exceeds a certain limit, the

¹ See Part II. chap. x.

² *Ibid.*

supervision must be inefficient, losses must arise, and the labour and anxiety are excessive. Hence, no one will then desire to own such large fortunes ; and even if any one should desire to do so, he would break down under the strain of preserving it, while constant losses would diminish its bulk. The ambition of men earning large incomes would, therefore, be directed into other channels than the accumulation of excessive fortunes. It would probably take the direction of donations for public purposes during the lifetime of the donors, to an extent which cannot now be realised.

The gradual increase in the reward of all labour and diminution of large fortunes would tend to remove class distinctions. When no one can live sumptuously without labour ; when no one can ape the manners and customs of those who live sumptuously without rendering service, labour, which is still regarded as servile in spite of the abolition of chattel slavery, will be no longer so regarded. Society being thus levelled up and levelled down, the vices which arise from excessive riches and extreme poverty will alike disappear. Free education throughout all grades of knowledge will still further tend to the removal of class distinctions and to a greater coherence of society. The working classes, able to save capital out of their wages, and raised to a high level of knowledge, reasoning power, and morality, will no longer be compelled to work for wages. Forming themselves into joint-stock companies, they themselves, in conjunction with other workers who possess organising and managing ability, will be the owners of the factories, farms, and mines in which they work. Wage-industry will thus be superseded, gradually and largely, by co-operative industry. Capitalists, as a separate class, may not disappear entirely, but will be largely reduced in number. Such organisers only as, on account of their exceptional ability, can pay higher wages than can be earned in competing co-operative establishments, can attach a sufficient number of good workers to their service for any length of time. Nor will the wage-worker entirely disappear. Young men who have not yet saved enough to acquire a share in a co-operative concern, the less able

and steady workers, as well as some who have lost their savings, will always form a residue of wage-workers. But their number also will be enormously reduced. Capitalist and labourer will generally be united in the same person, removing the last tincture of the stigma attaching to hand-labour, and producing a democratic society of unprecedented homogeneity and cohesion.¹

Long before this stage has been reached, all such restrictive legislation as that against excessive hours of labour and against unhealthy and overcrowded work-rooms, as well as laws directed to ensure the safety of workers and to fix a minimum of wages, will have become objectless. For the workers, being mostly free to work for a capitalist, or to employ themselves, stronger in competition than capitalists when capital cannot be invested in monopolies, will not enter employments which do not offer favourable conditions in all these respects. Capitalists will either have to comply with the standards fixed by the workers, or pay higher wages to compensate for conditions below this standard, or will be unable to

¹ The following figures taken from the Statistical Registers (1897) of the Colonies of Victoria and New South Wales show the small amount of capital required by labourers to enable them to take their place as full partners in co-operative factories:—

Colony.	No. of workers in factories.	Value of capital in factories, i.e. machinery, plant, buildings, and improvements.	Value of capital per worker employed.
Victoria . . .	52,701	£8,993,544	£170 13 1
New South Wales	51,439	£9,974,228	£190 8 1

American statistics, though less definite, nevertheless confirm this result. *The Abstract of the Eleventh Census, 1890*, gives the following figures: Capital of manufactures and industrial works \$6,139,397,785, average number of employees 4,476,884. The amount of capital for each employee would thus appear to be \$1371 or £274. As, however, the "capital" recorded includes land-values and may also include other monopoly-values, the amount of real capital will scarcely be larger per worker than it is in the Australian colonies cited above.

Sir Benjamin C. Browne, President of the North-East Coast Association of Engineers and Shipbuilders, Newcastle-on-Tyne, has favoured me with the following information:—

"£150 is just about the amount of capital required per man in engineering, ship-building, etc. in England. . . . For example, in my own works the capital account is, including debentures, just below £600,000, and when fairly busy, but not extremely so, we employ just about 4000 men. . . . I think if you took £125 as a minimum and £175 as a maximum you would be very safe, except for purely repair business or where some very exceptional circumstances arose."

obtain workers. At the same time, there would disappear child-labour and the labour of married women in factories, while such employment for unmarried women would either be more and more shunned, or would be carried on under greatly improved conditions. Fathers and husbands in receipt of ample wages would as little think of sending their wives and children into factories as do the members of the middle class now; and parents would not allow their grown-up daughters to work there, except for short hours and in the absence of adequate household labour.

While the gradual adoption of the Single Tax system would thus profoundly change the industrial life of the nation, it would likewise improve the family life. Slums, as well as the present style of workmen's houses, would disappear, and give way to decent houses and cottages, with ample room for all the amenities and conveniences of life. For while a private owner, aiming at the highest rent from his plot of land, is compelled to pack it with houses, it is a matter of indifference to the State whether a given rent is derived from 10 or from 50 square miles. Under the Single Tax system, cottages would be built on land surrounding the cities, with ample grounds, and factories would follow. The resulting withdrawal of population from crowded cities would empty present slums and streets, and would lower the rental-value of the land there sufficiently to allow of cottages being built there also on larger areas, the sole condition which would enable them to compete with suburban garden-homes. The first condition of a healthy family life, good homes offering privacy to all members of the family, would thus be secured for the whole people.

The high price of labour would make domestic service a rare condition, and would, combined with the generally high education and culture, lend it a new character. For machinery would then largely take the place of domestic hand-labour, and many domestic operations, notably cooking and laundry work, would be mainly carried on as an industrial occupation, meals being either partaken of in restaurants or sent to the houses of consumers from such establishments. The slavery of married women of the

lower, middle, and labouring class would thus be abrogated, to the great advantage of themselves and their families.

The depopulation of the country districts also would cease. For the land is used to best advantage when it is used in small areas by independent labourers. The taxation of rent would force landowners to allow it so to be used, and the country would then again afford ample opportunities for a healthy, profitable, and pleasurable life.¹

Not only would the exodus of the country population to the cities be stopped, but a great return flow from towns and cities would take place. Town life and country life would thus lose much of their distinctive character. Townspeople living in garden-homes, and country-people living far more closely together than at present, would gain physically, mentally, and morally by this change.

Socialists not infrequently have denied the efficacy of the Single Tax system as a cure for social injustice. While ardent claimants for Land Nationalisation, they deny that any plan of Land Nationalisation will suffice to procure social justice. An examination of the reasons on which this denial is based will, however, show its erroneous character. Mr. H. M. Hyndman, President of the Social Democratic Federation of Great Britain, is one of these objectors. He states :—

¹ "In the Thames Valley ten or twelve villagers in Flackwell Heath took between them a farm of mine of over 200 acres, at the same rent as the outgoing tenant paid. They have had it for four years, and are working it profitably and paying their rent. They employ more labour than the old tenant did; they pay better wages; and one man, during the first year of his take, grew more corn and straw on twenty acres than was got off the whole farm the year before, when it was cultivated by a single farmer.

"The parish of Humberstone, in Lincolnshire, is part of the Carrington estate, and consists of 2700 acres. The custom in this village has always been, that three or more acres of land go with most of the cottages. . . . In Humberstone the labourers' children are healthy and well fed, and the labourers are industrious, steady, hardworking men, who have for themselves solved the problem of Old Age Pensions by their own savings from their little piece of land and cows. . . . There are no poor, and I do not know of any one of this parish going to the workhouse or receiving outdoor relief for years. . . .

"Another proof that allotments pay is afforded by the applications made to the Holland County Council for small holdings. In 1892, 112 applications were made, and every one of the applicants possessed capital ranging from £10 to £100, which they had obtained by cultivating allotments. . . .

"What also is a most important feature is, that many of the tenants are young men who would certainly not have been content in that district on a mere weekly wage of 12s. or 15s., but would assuredly have tried their fortunes in our large towns. . . ."—"The Land and the Labourers," by Lord Carrington, *The Nineteenth Century*, March 1899.

“ If agricultural rents and ground rents were taken by the State to-morrow, the main difficulties of our great social problem would be almost as far from solution as ever. It needs but few figures to make this clear. Out of the total agricultural production of Great Britain, which is estimated to be worth, one year with another, £300,000,000, the landlords take, at the outside, little more than one-fifth, or £65,000,000 as rent. But as the late Mr. Toynbee pointed out, of this £65,000,000 not more than £30,000,000 would represent the ‘ unearned increment ’ owned by individual landlords. Say the ground rents and royalties amount to another £60,000,000, only one-half of this would be unearned increment either, and it is still the fact that by mere confiscation of competition rent the State would not get more than £60,000,000 a year, the rest being, in one way or another, profit on invested capital, which, on this basis, it is not proposed to touch. . . . Now, granting that this is a vast sum, which would pay at least two-thirds of our present imperial revenue, now levied by direct and indirect taxation—and this is the proposal of these champions of the enforced confiscation of competition rents—what class would be benefited thereby? . . . Unquestionably the capitalists, who will be relieved of taxation to a large amount themselves, and who, on the taxation of the workers being lessened, would reduce wages on the average by the amount of such remittance.”¹

The reasons, and the only reasons, which Mr. Hyndman thus adduces for his allegation that the adoption of the Single Tax system would leave “ the main difficulties of our great social problem almost as far from solution as ever,” are: (1) That the amount of rental-values is small; (2) that the capitalist will be relieved of taxation; (3) that wages will fall *pari passu* with the removal of taxation from the earnings of the working population.

The validity of the first reason turns entirely upon a question of fact. Against Mr. Hyndman’s guess of £60,000,000 as the annual value of land in the United Kingdom may be placed the reports of the Commissioners

¹ Hyndman, *The Historical Basis of Socialism*, pp. 300, 301.

of Inland Revenue, as revealing the actual land-values on which taxes are paid. The report of 1897 shows taxes to have been paid in 1896 on annual land-values amounting to £202,221,944, after all improvements have been deducted, a sum more than three times as large as Mr. Hyndman's estimate.¹ Nor is it astonishing to find Mr. Hyndman's guess so wide of the mark, when he regards royalties and ground rents as composed of improvement values to half their amount. A further peculiarity, which Mr. Hyndman shares with other critics, is, to disregard the manifest consequential changes which such a profound modification of existing social conditions as the appropriation of rent by the State must entail.

It is advisable to meet here the allegation, frequently made, and on no better evidence than that adduced by Mr. Hyndman, that annual land-values are lower generally than the revenue which governments require from taxation. The opposite is true: in all civilised countries the annual value of land largely exceeds the revenues raised by taxation. In the United Kingdom the imperial and local revenues raised by taxes, duties, rates, and tolls, amounted in 1896 to £138,852,859,² as against an annual land-value of £202,221,944, showing an excess for the latter of over £63,000,000. Likewise in the United States the total national, State, and municipal revenues raised by taxation in 1890 amounted to \$828,541,000, while the annual value of land, as far as it can be ascertained, was \$1,591,793,000, leaving an annual surplus of \$763,252,000.³ The colony of Victoria, when at its lowest ebb in 1893, shows an annual land-value of £6,514,832, while the State and local revenues raised by taxation, with the deficit of the year added, amounted to £4,045,767, showing an excess of land-values of £2,469,065.⁴ These instances, comprising countries differing widely in their state of development, show that, generally, the rental-value of land exceeds that part of the

¹ See Appendix, Table I. A pamphlet issued by the Fabian Society, *Facts for Socialists*, p. 5, states the annual rental-value in the United Kingdom to be £230,000,000.

² See Appendix, Table II.

³ See Appendix, Table III.

⁴ See Appendix, Table IV.

common expenditure which is met from taxation, and will be sufficient to meet this expenditure even when spurious rent has disappeared, and apart from the consideration that the necessary expenditure of governments will be largely reduced under the Single Tax system.

Mr. Hyndman's second objection, that capitalists would be relieved from taxation as capitalists, is true, but probably to a smaller extent than he supposes. In the United Kingdom the amount which capital contributed to the imperial and local revenues in 1896 was, as far as can be ascertained, £35,752,729, while the contribution of the working population was £73,013,217.¹

The fact that capital will be freed from taxation is not, however, a valid objection; on the contrary, it seems to be one of the merits of the Single Tax system. Mr. Hyndman has overlooked that the great capitalists are invariably owners of monopolies, and would pay far more in taxes on monopoly than they now pay in taxes on capital. Moreover, the question surely arises, Does the taxation of capital benefit the working population? Even if it were admitted that under existing conditions it does not harm them—which it must do if it in any way lessens the employment of capital—it surely cannot in any way increase their wellbeing, as the taxation of monopoly does. Hence, even if present conditions alone are contemplated, the escape of capital, *i.e.* labour-products from taxation cannot be urged as a valid reason against the utility of the Single Tax system. When, however, it is recollected that under the altered conditions which the application of this system will create, capital will be owned largely, if not wholly, by the workers themselves, the futility of this objection becomes still more apparent.

Mr. Hyndman's third reason, that the removal of taxes which fall on the earnings of labour is invariably accompanied by a corresponding fall in their wages, is again largely a question of fact. Between 1825 and 1861 an enormous load of taxation was removed off the shoulders of the workers of Great Britain. Did their wages fall during this period, or are they lower now than

¹ See Appendix, Tables V. and VI.

they were in 1825? Did the abolition of the Corn Laws, as one example, lead to a reduction in British wages? On the contrary, there is not a statistician or economist of any standing who does not paint in glowing colours the improvement in the condition of the working population since this date, an improvement arising alike from an increase in money wages and from an increase in the purchasing power of every unit of such wages. Even socialist economists admit these facts.¹ It is, therefore, manifest that Mr. Hyndman's third and last objection is as erroneous as the others.

It is not denied that there are circumstances in which a reduction of taxes which fall on wages would reduce money wages. When production is stationary, wages tend to fall to the subsistence level, because rent and monopoly charges gradually encroach upon and absorb all the excess produce. A reduction of taxes on labour would in such conditions merely lead to an increase of rent. Advancing production, however, necessarily increasing the demand for labour, counteracts this tendency even under existing conditions, and preserves the advantage more or less to labour. The Single Tax system, however, would absolutely destroy the tendency of wages to fall to the subsistence level which Mr. Hyndman, in common with socialists generally, exaggerates into an invariable fact. For as rent becomes a common possession, any reduction in individual wages would be compensated for by an increase in the common possession; and as rent rises, this common fund, assuming more and more importance, would tend to modify differences of condition arising from differences in individual ability. And further, as labourers are mostly able to employ themselves when rent is common property, labour is more powerful in bargaining for wages than capitalists, and wages would therefore always be at the

¹ "It will not, I think, be generally disputed that the last sixty years have seen a very great advance in the condition of a very large part of the people" (p. 16). "It is unnecessary to say very much about the general rise in money wages which has taken place since 1837. There seems no reason to doubt, so far as concerns the male workers, the general accuracy of Sir Robert Giffen's conclusion that the rise in nearly all trades has been from 50 to 100 per cent" (p. 9). "I see no reason to doubt the statistical conclusion that prices are on the whole lower than in 1837" (p. 22).—Sidney Webb, *Labour in the Longest Reign*.

highest possible level, *i.e.* equal to the value of each labourer's product.¹

Mr. J. A. Hobson attacks the efficiency of the Single Tax system from other standpoints.²

"The most casual reflection upon the recent course of English industrial history would seem to make it evident that other classes have partaken, and more fully than the landowners, in the immense growth of industrial wealth during this century. . . . Those who regard the nationalisation of the land of England as a cure for all the ills that states are heir to, ignore the leading feature of our modern commercial policy, its internationalism. Grant their major premises that common ownership and control of land will procure equality of economic opportunities for all citizens and cut away the natural supports of all industrial monopolies, can such a consummation be attained by us by nationalising the land of England? Is not the land of America, China, Egypt, Russia, and all other countries, which by trade intercourse supply us with food and materials of manufacture, as integral a part of England for economic purposes as the land of Kent and Devon? No ultimate solution of the land question or any other social problem is even theoretically possible upon a strictly national basis. Neither the policy which posits 'land' as the residual claimant in distribution, nor the policy which assumes that political limits are coterminous with economic limits, can gain any wide and permanent acceptance among thoughtful people."

The first of these arguments, *viz.* that other classes have partaken even more than landowners of the immense growth of wealth, even if its truth were admitted, would furnish no valid objection to the Single Tax system. For the theory on which this system is based does not postulate that the acquisition of wealth by any individual or class other than landowners is impossible under the existing system; nor does it assert that the acquisition of wealth by any individual or class is socially injurious. What it

¹ See Part II, chap. x.

² J. A. Hobson, "The Influence of Henry George in England," *Fortnightly Review*, December 1897.

posits is, that the acquisition of wealth without equivalent service rendered by those who acquire it is alike unjust and socially injurious. If Mr. Hobson were to contend, which he does not, that other classes than landowners, monopolisers of land for special uses, and owners of tax monopolies have gained wealth without rendering equivalent service, his objection would have point. Even if this could be shown, as it might be shown of gamblers at the stock exchanges, the question would still arise whether such gambling in monopoly-values would be possible when monopoly-values have ceased to exist. As in this case, so in all cases, the abolition of legalised private monopoly must destroy not only the power of all such landowners, but the power of all others as well to legally obtain wealth in excess of services rendered by them.

The second objection, admitting that the Single Tax system if generally adopted would secure equal opportunities for all, denies that its adoption in England alone would secure equal opportunities to all the inhabitants of England ; and posits that, owing to the world-wide interchange of commodities, the Single Tax system must be adopted in all countries before it can secure equal opportunities to the inhabitants of any country. This argument is of precisely the same character as that which denied the feasibility of the adoption of Free Trade by the United Kingdom as long as other countries refused to do so. It arises from the exaggeration of a well-established fact. Trade benefits both parties to it, and the larger the trade the greater the resulting benefit of each. As long as any country maintains laws which diminish its trade, it must not only reduce the prosperity of its own people, but the prosperity of others as well, though to a smaller extent. Nor does it matter whether this diminution of interchange arises from laws directly framed for this purpose, or whether it arises from laws which indirectly achieve this result by reducing production and consumption.

The application of the Single Tax doctrine, of the Free Trade doctrine, or of any other beneficial economic legislation in any one country therefore produces smaller results than if it were applied in all countries. But to

infer from this truth that the application of just and beneficent laws in a single country cannot produce any results, or even that it cannot produce great results, is to fall by exaggeration into untruth. If the general application of the Single Tax system would produce equality of opportunity for all men, its application in England must produce equality of opportunity as far as all Englishmen are concerned. Every inhabitant of England will be free to produce all the wealth his powers enable him to make, and will himself enjoy the whole of it. Likewise will he enjoy untaxed any products of foreign labour which he may purchase with the products of his own labour. If the foreigners with whom he trades refuse to adopt the Single Tax system, their land will continue to be insufficiently used, they will produce less wealth, and the mass of their people will consume far less wealth than they otherwise would. They therefore will have less power to purchase English goods, and if they have a natural monopoly in the production of any goods which Englishmen want, the latter will be obliged to give more of their own goods to obtain them. The refusal of other nations to adopt the Single Tax system will harm Englishmen to this extent, and to this extent only. But they have now to purchase such monopoly-goods at prices similarly enhanced by this cause, and in several instances further inflated by English customs duties; and most of them have to do this while themselves receiving only a part of the produce of their labour. To give them the full produce of their labour, therefore, is a benefit to all Englishmen, even if other nations refuse to do the like to their members. If they do likewise, the benefit to Englishmen will be greater still. But in no way can it be shown that the refusal of other nations to do the like act of justice will deprive Englishmen of all or even of a major part of this benefit.

It may, however, be held that Mr. Hobson's objection looks for its justification in another direction, that he is of opinion that largely increased wages would so far reduce the competitive power of English industry as to lead to the exclusion of English goods from foreign markets.

This, however, cannot be the case. For Mr. Hobson has shown elsewhere with great lucidity that he agrees with the teaching of nearly all modern students of political economy, with F. A. Walker, Gunton, Schoenhof, Gould, Atkinson, Brentano, Schultze-Gaevernitz, and others too numerous to mention, that high wages tend to produce other results; that they increase the consumptive power of a people so largely as to reduce exports to the limit of necessary imports without injury to local industry; that they stimulate the productive power of a nation, the efficiency of labour and capital, to an extent which excludes all fear of loss of competitive power.

He states:—

“Our evidence leads to the conclusion that while a rise of wages is nearly always attended by a rise of efficiency of labour and of the product, the proportion which the increased productivity will bear to the rise of wages will differ in every employment. . . . Every rise in wages, leisure, and in general standard of comfort will increase the efficiency of labour; every increased efficiency, whether due directly to these or to other causes, will enable higher wages to be paid and shorter hours to be worked.”¹

“Though the individual self-interest of the producer cannot be relied upon to favour progressive wages, except in certain industries and up to a certain point, the collective interest of consumers lends stronger support to ‘the economy of high wages.’ We have seen that the possession of an excessive ‘power to consume’ by classes who, because their normal healthy wants are already fully satisfied, refuse to exert this power, and insist upon storing it in unneeded forms of capital, is directly responsible for the slack employment of capital and labour. If the operation of industrial forces throws an increased proportion of the ‘power to consume’ into the hands of the working classes, who will use it, not to postpone consumption, but to raise their standard of material and intellectual comfort, a fuller and more regular employment of labour and capital must follow. If the stronger organisation of labour is able to raise wages, and the higher wages are

¹ J. A. Hobson, *The Evolution of Modern Capitalism*, pp. 274, 275.

used to demand more and better articles of consumption, a direct stimulus to the efficiency of capital and labour is thus applied. . . . When it is clearly grasped that a demand for commodities is the only demand for the use of labour and of capital, and not merely determines in what direction these requisites of production shall be applied, the hope of the future of our industry is seen to rest largely upon the confident belief that the working classes will use their higher wages, not to draw interest from investments (a self-destructive policy), but to raise their standard of life by the current satisfaction of all those wholesome desires of body and mind which lie latent under an 'economy of low wages.'"¹

Whichever, therefore, is the meaning of the somewhat enigmatical utterance under review, it is manifest that it forms no valid objection to the Single Tax system; that whether the latter is applied in a single country or in many countries simultaneously, its results must be great and beneficial.

The writers of the *Fabian Essays* also raise one, and only one, objection to the efficiency of the Single Tax system as a remedy for social injustice and the resulting evils.²

"Ever since Mr. Henry George's book reached English radicals there has been a growing disposition to impose a tax of twenty shillings in the pound on obviously unearned incomes—that is, to dump four hundred and fifty millions a year down on the exchequer counter, and then retire with three cheers for the restoration of the land to the people.

"The result of such a proceeding, if it actually came off, would considerably take its advocates aback. The streets would presently be filled with starving workers of all grades, domestic servants, coachbuilders, decorators, jewellers, lace-makers, fashionable professional men, and numberless others whose livelihood is at present gained by ministering to the wants of these and of the proprietary class. . . . The Chancellor of the Exchequer would have three courses open to him :—

¹ J. A. Hobson, *The Evolution of Modern Capitalism*, pp. 282, 283.

² *Fabian Essays*, pp. 189, 190.

(1) "He could give the money back again to the landlords and capitalists with an apology.

(2) "He could attempt to start State industries with it for the employment of the people.

(3) "Or he could simply distribute it among the unemployed.

"The last is not to be thought of; anything is better than *panem et circenses*. The second (starting State industries) would be far too vast an undertaking to get on foot soon enough to meet the urgent difficulty. The first (the return with an apology) would be a *reductio ad absurdum* of the whole affair—a confession that the private proprietor, for all his idleness and his voracity, is indeed performing an indispensable economic function, the function of capitalising, however wastefully and viciously, the wealth which surpasses his necessarily limited power of immediate personal consumption. And here we have checkmate of Henry Georgeism, or State appropriation of rent without Socialism."

This objection, though, or perhaps because, coming from the most intellectual champions of Socialism, is the weakest of all. For it is obviously based on the erroneous assumption that a gradual absorption of rent is impossible, that the whole of it must be appropriated by one sudden act. Its invalidity, therefore, is manifest as soon as it is realised that the process can be gradual; that starting with a moderate tax on all land-values, this tax may be increased from time to time, till, after the lapse of a considerable period, it absorbs the whole rental-value. For under such conditions the disorganisation of industry, so graphically described by the essayist, could not occur. The demand of the working population for goods would grow at a greater rate than the demand of the monopolistic classes for goods and services would decline, and more labour, therefore, would be absorbed in the former direction than could be spared in the latter. The new and greater demand would, it is true, be for a different quality of goods; but those who are skilful enough to produce the superior qualities would also be able to produce inferior qualities of the same goods; and in any

case, the change in demand would arise so gradually as to enable even changes of occupation to be made without any great hardship.

Moreover, this latter difficulty, necessary change of occupation, adheres to Socialism as much, and perhaps more, than to Single Tax. For Socialism also posits the gradual reduction of the wealth of the capitalistic classes and the gradual increase in the wealth of the workers. It, therefore, necessitates a like adaptation of production to these altered conditions. If this necessity is a valid argument against the efficiency of the Single Tax system, it is, therefore, an equally valid argument against the efficiency of Socialism. It is, however, invalid in either case. All social changes, even the most beneficial, must produce some temporary disturbance of existing arrangements. Such disturbance, therefore, is no valid argument against reforms which produce permanent benefits. All that may be claimed is, that the reform be introduced so gradually as to minimise temporary hardship. This the Single Tax system does to an extent which makes any such temporary hardship almost impossible.