

FREE TRADE AND LAND VALUE TAXATION

By J. H. McGuigan

Everyone needs a constant supply of air. Fortunately, nature has *dumped* on us, ready for use, such a vast supply that it cannot be monopolized. That air is plentiful and free is better than if it were not *dumped* and men were employed producing it for sale.

But men cannot live on air alone. They require matter of many kinds to supply food, clothes, houses and other goods. They cannot create this matter. They can only utilize what nature provides. The earth, *i.e.*, land, is a natural storehouse containing in different places different kinds of matter suitable for satisfying men's different needs. To move this matter from its natural position and prepare it for use, men must work. Nature sells nothing for money. The real cost of goods is the labour of producing them from the earth, *i.e.*, the land. When much effort is required to produce a small quantity of goods, the worker gets only a small supply of such goods for his labour. The product is naturally dear—gold for example. When little effort can produce a large supply, the worker can obtain a large quantity for his labour. The product is naturally cheap—water for example. Thus dear goods signify a relatively small reward for the worker—that is low real wages. And cheap goods signify a relatively large reward for the worker—that is high real wages. It is very important to understand this relationship, because great efforts are being made to mislead people to believe that goods are too cheap.

Men do not want work. It makes them tired, but they do want an immeasurable supply of goods that cannot be produced without work. Hence they adopt the use of tools, machines and all sorts of devices trying to obtain the most goods with the least work. Hence men trade, which enables those who can produce something that others demand to obtain in exchange a greater variety, a superior quality and a larger supply of goods than they could otherwise produce for themselves with the same amount of work. Trade is a labour-saving invention, the object of which is to obtain goods, not to get rid of goods. The more extensive the area and the greater the diversity of soil and climate from which goods can be obtained and the larger the number and the greater the variety of the people contributing to supply such goods the more benefits can the workers derive from exchange and national goodwill. When this obvious truth is clearly understood, it is evident that any restriction whatever on the free importation of goods from any part of the earth must lessen the reward of labour and make it more difficult to live. The greater the supply of goods and the cheaper they are the more easy it should be for workers to get a living. But when men are deprived of their natural liberty to apply their labour to land they are *unemployed* and unable to produce anything either to consume or exchange. To them freedom to exchange is like freedom to eat without any food. And when men, unable to employ themselves, are compelled under fear of hunger to work for less than their natural reward, *i.e.*, the full product of their labour, they have less to exchange and the benefits of free trade to them are correspondingly reduced. This is our situation.

Valuable land is held out of use or only partially used while over two millions of people can produce nothing either to consume or exchange. And the ever increasing value of land measures an ever increasing share of the products of labour, which under the private

appropriation of land values is deducted from the workers' natural reward by the landholders. The benefits of Free Trade cannot compensate the workers for the appropriations of the landholders.

Taxation of land values and the abolition of taxes on labour products would make landholders pay back to the community the land value which is created by the workers in community. Landholders would then employ the utmost labour on the land to produce the utmost wealth. Unemployment would cease. Wages would increase to the full product of labour. Workers would then get the full benefit of Free Trade. Britain would lead the world towards liberty and peace. The fate of Free Trade, the only real foundation for peace, will depend on the coming struggle over land valuation.

ALLOTMENTS

An Emergency Resolution that was not adopted

A correspondent sends us copy of a circular letter issued by the Secretary of the National Allotments Society Ltd., 6th September, to delegates in attendance at an Allotments Conference held last month at Hull, Sir F. D. Acland presiding.

It reads:—

A matter of some urgency, which is likely to affect allotment holders adversely, unless the necessary steps are taken, has come to my notice. It is, therefore, proposed to ask the Annual Conference to consider the adoption of the following as an Emergency Resolution:—

"This Conference views with anxiety the Government's proposals for the taxation of land values, and whilst expressing no opinion as to its political expediency, desires to call attention to the fact that the rents of thousands of allotments in urban areas will be increased if their site value, as distinct from their letting value, is taxed. It, therefore, requests the Government to safeguard the interests of allotment holders in this respect."

In due course the chairman moved and another joint president seconded the Resolution. It was so vigorously opposed by several keen land value delegates that rather than risk a defeat the motion was withdrawn by consent.

This incident reveals the kind of opposition the Land Valuation Bill is meeting with in certain "advanced" circles. But the land value policy can make its own appeal to allotment holders, always, if they are given the right explanation. The statement contained in this Resolution quietly assumes that increasing land value is not a menace to allotments in urban areas and ignores the argument that a tax on land values would open up acres of allotment land and square miles everywhere on the verge of town and city.

"Next Session, if all goes well, the Land Valuation Bill will be placed upon the Statute Book. But, make no mistake about it, it will get opposition, open and veiled, from all the landlord interests in the country, and it will get opposition in that Hindenburg Line of landowners, the House of Lords. It is very difficult to find any other source of revenue nowadays that does not press upon industry; but to tax land values is not to tax industry at all. Whatever industry goes to the making of those values is not that of the landlord."—From a leading article in *Reynolds*, 3rd August.