



LAND & LIBERTY

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FREE TRADE, PURCHASING POWER AND EMPLOYMENT

Many theories are rudely shaken when some obscured fact emerges. Post-war depression of trade, with its intensified unemployment, has raised doubts as to the wisdom of free imports into this country, but it is sometimes overlooked that the same conditions elsewhere have not convinced the people in Protectionist countries of the wisdom of Protection. Once again specious pleas are being used which obscure the issue. The President of the Trades Union Congress maintains—what the report of his Congress argues—that Free Trade in Labour cannot be tolerated; and that tariffs or free imports are matters of expediency. A Liberal front-ranker had to be rebuked for indiscretion by his titular leader for attaching himself to the tariff heresy of a 10 per cent tax for revenue, and the Tory Party have three contradictory lines of approach which all seem to find approval in the ranks of that Party. So long as they attain the same object—of misleading the people—it is not necessary that they should all say the same thing. One is for Empire building, another is for Safeguarding, and a third is out for revenue from imports in order to leave the big taxpayer in security of his possessions. The people are pawns in this game, however much the alleged leaders of Labour seek to ignore that fact. In Sweden the workers got a better lead and refused to have anything to do with tariffs. The Tory statisticians, and the scientific regulators in Trade Union circles, should be interested to learn that the wages index in Sweden is 103 as compared with our 100.

When a Tory comes to a platform with his insular prejudices he can at least be logical, and reach his false conclusions in a natural way; but a Trade Union leader who associates a gospel of international brotherhood with proposals for grouping countries in order to share monopolies which are not available to his own individual country is less happily placed.

In one part of the speech delivered by the President of the Trades Union Congress a claim is made that our Government has refused delivery into this country of goods made under unfair conditions, while the report on which he was basing his speech appears to visualize the near approach of a time when we can control raw materials, and make it difficult for some of our competitors to produce goods under fair conditions. Just what the other people will be saying or doing while we are trying to inflict economic injuries on them one can vaguely conjecture; at least one can make oneself perfectly sure that the other nations will not be praying for their enemies. Thus is discord distributed. In this way we find employment for Customs House officers at ports where no ship's officer would think of discharging cargo under normal conditions. After the Customs House officer comes the coastguard; along with the Customs House comes the forts and the guns; with both come suspicion and nervousness, while the people who have brought about these conditions, or added to their intensification, preach peace where there can be no peace, and call loudly for disarmament. The Report of the Economic Committee of the Trades Union Congress makes reference to people who believe in the dispensation of Providence as against human regulation. It may be a very sad reflection for these alleged scientific regulators that some people—the intelligent people—not only believe, but know, that regulators cannot ignore such dispensations as appear in natural law. Such people might just as well try to swim in the air as to pursue some of the plans they are now outlining. In the Presidential address we have the admission that experience had taught them "that their plans may prove useless when they come to be applied." Benjamin Franklin said: "Experience keeps a dear school but it is the only one in which fools will learn." Why wait for experience where reason may be a profitable guide? In October, 1911, we wrote in this column, and in this connection: "The soldier crossed the sea to get the expansion for industry that the tax and rate collectors could easily have obtained at home. The only sop held out to the workers was a promise of Old Age Pensions, which the workers afterwards learned were to come out of their own pockets if they were to be paid at all."

In the same article we wrote: "Labour has still to learn that all its outbursts of fury are fated to exhaust their energy on the rock of monopoly." Since that time we have had McKenna Duties, Safeguarding, Subsidized Houses, Uncovenanted Insurance, the Triple Alliance, the General Strike, two Labour Governments, several Trade Union Conferences, and we have now broken all our unemployment records.

In some mysterious way the promoters of these grandiose schemes connect them with a promise of greater purchasing power for the workers. By workers they, of course, mean the trade unionists in this country and in any other country with which they choose to associate. While it is not emphasized it is quite obvious that there is no immediate thought of a world-wide uplift. The latter is an

ideal for the future to be hastened, according to the argument, by ignoring it for the present. Nobody's purchasing power is increased by paying 1s. for a commodity that formerly cost 10d. Purchasing power is not increased by issuing more currency; it is not diminished by widening the circle of exchanges and making them world-wide; it is not increased by forming economic groups or *blocs*. Perhaps we will understand the subject better if we pause to consider exactly what purchasing power is.

Book 1, Chapter V, *The Wealth of Nations*, by Professor Adam Smith, says:—

"At all times and places that is dear which is difficult to come at, or which it costs much labour to acquire; and that cheap which is to be had easily or with very little labour. Labour alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is the real price; money is their nominal price only. . . . The real price is always at the same value . . . the nominal (money) price is sometimes of very different values."

The real price (labour) is not only paid for commodities, but it has to be paid for the opportunity to produce commodities. Rent depends on the saving of labour that can be assured by the possession of particular pieces of land varying in value. When labour is unable to purchase productive opportunities in land its purchasing power is non-existent. Where that happens no other form of purchasing power—real or nominal—can take its place. When labour is permitted to supply it can demand; when any labourer is not permitted to supply he can only sue for a portion of what others have supplied; he cannot demand or exchange.

We have the purchasing power at all times but the essential primary purchase—a lease of land—is not always available. Foreign competition has nothing to do with the unemployment problem. As well blame the baker for keeping the engineer unemployed because the latter could bake bread—perhaps not very good bread—if he set his mind to that job. No individual can trade and be self-contained at the same time. No man lessens purchasing power by shaving himself. The only thing that happens is that he does not transfer his purchasing power to the barber. The non-transference or exchange of purchasing power is in most cases unprofitable. Division of labour and widened exchanges are certainly a survival of the fittest. Were that not so all inventions should be scrapped, all harbours blocked up, while canals and railways should be destroyed. These ideas entered the heads of people who wished to protect labour at one time and to increase what they called purchasing power. The new ideas of modern economic committees are very little in advance of these crude sentiments. With unemployment comes lack of exchange because the primary purchase of an opportunity to produce has not been accomplished. Were the opportunity to produce secured the widest circle of exchanges would be the most profitable, since the labourer would have a bigger market in which to sell his services.

We have become so used to phrases like "Foreign Exchange" that we forget that we are foreigners to some party or parties concerned in the exchange. Whether we put them out of employment does not seem to trouble our Tory Empire builder or our Trade Unionist economic expert. Phrases and perorations serve with them for the time being and the real problem remains unsolved. The problem is one of the want of employment—profitable or unprofitable.

The French writer on Political Economy, F. Bastiat, says that Free Trade has suffered more by a weak defence on the part of its friends than by strong attack from its opponents. Truth in these matters certainly has suffered from vague phrases and perorations. Being concerned to defend Free Trade so far as we have it, and to press for its extension until it is realized in practice, and not misunderstood for some existing social blunder, we may call attention to careless or non-precise phrases. As an illustration, let us take a very common phrase that goods are paid for by goods. If there is any virtue in that kind of reasoning it should be carried much further than has been the custom hitherto. In barter, goods were traded for goods and the parties to the transaction had strictly limited choice of the goods they could exchange. Even then it might have been pointed out by a meticulous person that what was really being exchanged were services. Doubtless, goods have often been exchanged for direct services which were not embodied in any commodity, just as money is now exchanged in one instance for goods and in another for services. Not infrequently—although we do not send shipments of money abroad—money is exchanged for money.

Why, therefore, weaken the position by introducing phrases which are not confirmed by everyday observation? The Political Economist already quoted has another essay in which he says that the possession of a coin by him is a certificate that he has performed some labour or rendered some service. It is nothing of the kind. It only certifies that someone—not necessarily the possessor—has performed service. Goods and land are in the same category. Their value depends on the fact that they can command service no matter whether the possessors have rendered or intend to render any service. What is true of home trade is true of foreign trade: purchasing power begins by someone rendering a service. Later transactions may include the direct exchange of services, the purchase of goods for money, the purchase of service for money or the purchase of money for money. When we talk of increasing purchasing power, what is usually meant is the increase or, it may be, better distribution of credit instruments such as money, bills, promissory notes, etc., etc.

In order to secure a better distribution we should see that the credit instruments reach the people who have performed some labour and rendered some service. If we wish to increase credit instruments without reducing their value we should see that the new issue of such certificates represents new services. That cannot be done if primary purchasing power, "labour," is deprived of its first

purchase which we keep constantly showing is the necessary opportunity to produce wealth. In other words and without equivocation, labour needs access to land.

The person deprived of liberty to exchange his services how and where he likes is a slave, whether the thralldom be the result of forethought on the part of Feudal or Industrial Conservatives; whether it comes from aristocratic fiat or the muddled thinking of alleged economic experts in the Trade Union movement. These latter have been thinking about unemployment long enough to know something about it. If, at this time of day, they do not know that foreign competition can only affect sectional employment by driving the unprofitable out of the home market and promoting the more profitable, it is time that they ceased to worry themselves about problems which they cannot understand.

The individual seeks profitable employment and does not try to do everything for himself, so why should the nation not follow the example of the individual? As citizens their inclination lies that way. Having rendered service they incline to exchange with those who will give most in exchange for the tokens which certify the services they have given.

Unemployment is a home problem, not a foreign one; foreign exchange is small compared with home exchange, and the trades which can be favourably affected by tariffs are few as compared with those which cannot be given Protection. The trades that can be harmed are much more numerous.

The vote on the Report of the Economic Committee of the Trades Union Congress showed the Miners to be against, and the Transport Workers for, it. The miners know that a tariff on coal is of no use to them; what the transport workers hope to gain—except more unemployment—is difficult to understand. Foreign trade at least means handling, shipping and wheeling goods; and it means that there will be a need for clerks and dockers, shipbuilders and sailors, motor vans and drivers, as well as many other workers who could be named. The Trade Union wing can easily get itself into conflict with the Co-operative wing of the Labour Party if it begins to support Protection as a policy.

The vote, of course, means nothing. Some delegate presents credentials to represent some thousands of workers in his Union. Everybody knows that on such questions the claim is undiluted nonsense. Good sometimes emerges from happenings such as these. At least the Trades Union Congress has made public questions which are often suppressed. It has looked for the cause of unemployment and failed to find it. Yet it is easily found, where Karl Marx found it, in the expropriation of the peasant from the soil.

W. R.

UNEMPLOYMENT AND THE LAND

By W. R. Lester, M.A.

Copies 1d. each, 8d. per dozen, and 5s. per 100, post free.

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WITH HENRY GEORGE AT NOTTINGHAM

The scene is Nottingham, and the time the first few days in September. The Trades Union Congress, 1930, is meeting in the Albert Hall; in town, everywhere one meets delegates and Trade Union officials wearing the Congress Badge in their coat-lapels. Occasionally they are to be seen carrying copies of *Unemployment and the Land* or one or other of Henry George's works. A few days before the Congress opened, every delegate received at his private address from the United Committee a complimentary copy of Mr Lester's pamphlet, with leaflets announcing the Prize Essay Competition and advertising the cheap editions of *Progress and Poverty* and *Protection or Free Trade*.

Nottingham has not been kind to Lord Beaverbrook's Empire Free Trade campaign. Several booksellers looked askance at the Foundation's publications for the reason that they had bought stocks of Lord Beaverbrook's Empire Free Trade booklet, yet hardly a single copy had been sold by any shopkeeper. Few salesmen trouble about the verities of any question expounded in any book. *Protection or Free Trade* dealt with the fiscal issue. It was enough that one book on this subject had proved to be unsaleable.

Ten shops in Nottingham were, however, persuaded to give our "goods" a trial, and two gross of the books were placed:—

94 copies of *Progress and Poverty*.

81 copies of *Protection or Free Trade* (cloth).

177 copies of the above (paper covers).

The Congress Bookstall gave the books and display-cards a splendid show, and, in addition, sold *Land & Liberty* over the counter. The Congress officials and Standing Orders Committee very readily granted my request for special facilities, and provided assistance in the distribution of Mr McGuigan's leaflet, "Free Trade and the Taxation of Land Values."

I had very many talks with delegates to the Congress, and was delighted to find how much support there is in Trade Union circles for our land value policy. In the street, in the entry of the Albert Hall, in the hotels, anywhere, one could always engage in conversation with visitors blessed with a keen and intelligent appreciation of our question; or, at any rate, ready to discuss it sympathetically. One gratifying feature of my week's visit to Nottingham in this connection is that, apart from other friendships, close on two dozen administrative officials of Trade Unions and Co-operative Societies have given the promise of assistance in the distribution of the Prize Essay Competition Prospectus and Leaflet within their particular home field, and have promised to enlist the support of executive colleagues in this service.

It was in the hotel lounge one evening that a delegate said:—

"Robin Hood no longer confines his adventures to Sherwood Forest. He conducts his depredations on a larger scale. Nor does he any longer steal from the rich to give to the poor. He has repented, and steals now from the poor to give to the rich. And the beauty of it all is that he no longer needs to fear the Sheriff. Land speculation, legally entrenched, is the greater Robin Hood. We would do well if we gave our immediate attention to Henry George's way of destroying its power to filch the earnings of industry."

This led out to an informing discussion that night, and on many other occasions during the week our question was advanced as a leading topic deserving the enthusiastic support of all Trade Unionists.

W. H.