

REAL FREE TRADE

(Taken from the pamphlet *FREE TRADE AND LAND VALUES*,
by Frederick Verinder*)

On the chronic presence of unemployment, here and now, in Great Britain, under Free Trade, the Protectionist bases the appeal upon which he mainly relies. It has been the text from which millions of sermons have been preached—in speeches on the platform, in articles in the newspapers, in pictures on the walls. It is in “hard times,” when unemployment is most rife, that the Protectionist finds the most eager listeners among our working men.

The problem of unemployment is the modern riddle of the Sphinx. It is propounded to the advocate of every social and economic reform. *British Free Trade must solve it or die.*

The workman does not find his needs satisfied by statistics of unemployment under Protection in Germany or the United States. What he *knows* is, that in a “Free Trade” country and in spite of “Free Trade,” he is out-of-work. He is constantly being told that he is out of work *because* of Free Trade. If the propaganda of Free Trade is to be confined to a defence of Free Trade as it is—i.e., of the condition of things under which he and many of his fellows are even now workless, and, if not actually starving, at least in danger of starvation—he will, sooner or later, cast his vote against Free Trade.

The formula which meets the needs of the case is: not “Less Free Trade”: or “Free Trade as it is”: but “More Free Trade; Free Trade in its fullness.” It will do no harm to tell that workman of the good results that have already followed the partial application of Free Trade principles to international exchange. We may fairly ask him to aid us in the rapid completion of the work begun by the Anti-Corn Law League, by abolishing the remaining duties of customs and excise. But we are bound to tell him that, even then, only the one half of trade will be free: that we must take another and greater step forward, by adding, to the Freedom of Exchange for things already produced, the Freedom of Production itself.

In long-settled countries like those of Europe, where the land is privately owned, access to land can only be obtained by permission of the landholder. When this permission is withheld, production becomes impossible, and trade is cut off at its root. This is a worse evil than Protection. For while Protection may and does hinder trade, landlordism may, and often does, make it impossible to produce anything to trade with.

The landlord who allows the worker to use “his” land is at least giving him a chance to live. It may be only a poor chance; he may have to work hard, and to fare harder, for he must share what he produces with the landlord, in the form of rent.

But what if the landlord, stopping the very source from which all production flows, demands such onerous terms for the use of his land that the user cannot meet them and live; or even refuses to allow his land to be used on any terms whatever? He is driving into the ranks of the unemployed, and subjecting to danger of starvation, the men who might be growing corn, and milling it, and baking it into bread; or the men who might be hewing coal and ironstone, and burning the one to smelt the other, and fashioning the pig-iron into steel, and the steel into machines; or the men who might be digging the china-clay and tin out of the land and making them into pots and pans; or the men who might be shaping the clay into bricks; or the men who might be building houses or workshops on the valuable but vacant building land in and near our towns; or the men who might be splitting slate in the quarry to roof them.

The landlords who “hold up” land are responsible, not merely for the unemployment of those whom they shut out from their own land, but for the low wages of those who are in work. For nothing keeps down wages so effectively as the presence of a mass of unemployed men, who *must* work for some wages, however pitiful, or starve; and nothing “makes unemployment,” so constantly and so effectively as the withholding of land from productive use.

This, then, is the answer to the fairy tale of the Protectionist. The competition of foreign-made goods is not responsible for unemployment. The true cause is the withholding of land from the best uses of productive labour.

To abolish the taxes which now fall upon the materials, the processes and the results of industry, and to concentrate taxation on land values apart from improvements: that is the remedy. To value the land, all the land, and *nothing but the land*: that is the first step. To tax the value, when thus ascertained; tax it whether the “owner” is using the land or not; and with the proceeds of that tax to abolish as quickly as may be the existing taxes upon labour and trade and improvement and thrift: that is the second step—and the third. To increase the tax upon land values till nothing is taxed at all except monopoly values; that is the end and the completion and the crown of the just and beneficent movement which was initiated by the genius and devotion of Cobden 72 years ago.

THE RIGHT USE OF LAND

By Sir Henry Rew

(Westminster Gazette, 5th November).

The principle on which the present system of local taxation is based is “letting value,” or, in the well-known phrase, “the rent at which the hereditament might reasonably be expected to let from year to year.” All kinds of qualifications and modifications have been introduced in the endeavour to apply the principle to property which can only be brought under it by elaborate make-believe. What is the “letting value” of Chatsworth or of the Great Western Railway? Even when, by some far-fetched hypothesis, the principle is somehow made to apply to such exceptional cases, the fundamental objection still remains in regard to agricultural land, as, indeed, to other kinds of property. The more it is improved by the enterprise and expenditure of the owner or occupier the higher it is rated. Long usage has so accustomed us to this that it is regarded as quite fit and proper that the rating system should be based on the principle that the more a man neglects his land the less he shall pay. Can it be contended that this is the best principle that can be adopted in the public interest?

Two alternatives have been proposed. One is to abolish private ownership of land, which would abolish also the rates on it. The other is, briefly, to substitute selling value for letting value as the basis. Some may say that this comes to the same thing in the end. Plenty of instances might be quoted to prove the difference in practice. There is the case of a well-known estate near London the rates on which were based on an annual letting value of £248. The selling value was £151,000, which would represent an annual value of about £7,000. This, it is true, was not typical agricultural land. From the agricultural point of view the advantage of taking land value as the basis is that it involves the exemption of improvements from rating.

Just over a century ago, when the first Marquis of Westminster bought the Five Fields, Pimlico, for £30,000, he was held to have given an exorbitant price. Within 20 years of its incorporation in the Grosvenor estate, the swampy fields had been transformed into a gold-mine.—STAR, 24th November.

* Price One Penny, obtainable from our Office, or from the English League for the Taxation of Land Values, 376-7, Strand, W.C.2.