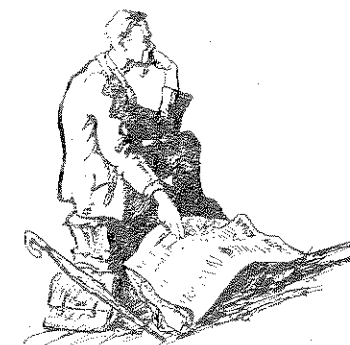
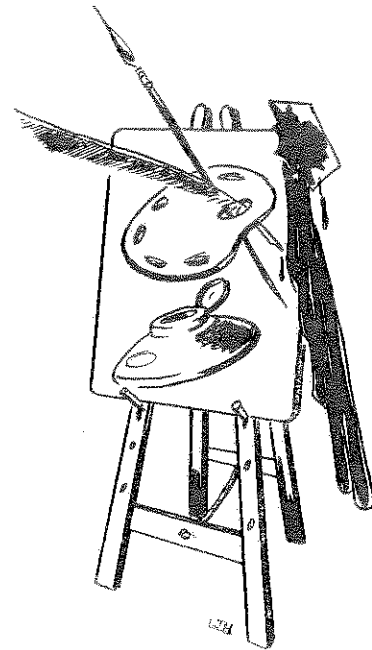


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HENRY GEORGE SCHOOL MAGAZINE

(Edited by a panel of Tutors)

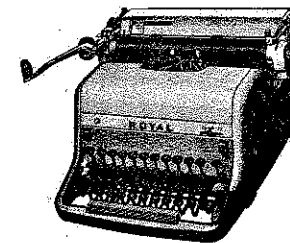
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Volume 4, No. 11.

November, 1955.

Editorial



The purpose of the School Magazine is to provide articles, news and comments dealing with political, social and economic matters as an extension of the study classes of the School; to expound the first principles of economic science and social justice and show their validity, relevance and significance when related to current economic problems; to sustain interest among ex-students and to inspire participation in the School's work.

There is perhaps more confusion about the word inflation than any other word in the economic dictionary. Its meanings are legion as one can see from Paul Einzig's attempt at defining the term (see this issue). The word has become corrupted until its very vagueness has made it useful to those who try to explain the causes of economic phenomena of diverse kinds or to put a gloss on their own inadequate reasoning.

In this issue Keith Baynes deals with a particular fallacy commonly associated with inflation and succeeds in getting to the heart of this perplexing matter of "over spending" - whatever that may mean. For we can overspend individually only by spending someone else's money. Collectively, over-spending is impossible. (Does not the Government after taxing us - to stop us from over spending - itself spend what it takes from us?)

It is better to have straight forward taxation (if purchase tax can be called straight forward) than a continual debasement of the currency which is inflation properly defined. Politically speaking, inflation is usually preferred. The milkman who puts water into our milk seems much less a scoundrel than the man who steals the milk from our doorstep.

Mr. Butler's action in increasing taxation could suggest that he had no choice but between the alternatives of inflation and taxation. It could also suggest that inflation will cease when taxation is increased. It might well do so but by no means can that be taken for granted.

WHO IS RESPONSIBLE FOR INFLATION?

Extract from a speech given by Lord Douglas in the
House of Lords' Debate on the Budget, 1 Nov., 1955

It is agreed that the troubles from which the country is suffering at the present moment are due to inflation. That it the thesis of the Chancellor of the Exchequer; it is accepted, I understand by the ex-Chancellor of the Exchequer, and I do not gather that it has been contradicted by anybody who has spoken today. But if that is true - and I personally agree - then surely the Autumn Budget is quite irrelevant to the situation. Inflation is not a budgetary phenomenon; it is a monetary trouble. It is true that it may be connected in some ways with budgetary problems. It can arise if a Government, instead of raising the taxation which is necessary in order to meet its expenditure, expands the note issue or the circulation of credit. Conversely, if inflation has taken place it can happen that the amount of revenue which is being obtained out of the Budget is no longer sufficient to meet expenditure upon a higher price level. In those ways, it is true that inflation is connected with budgetary policy. But it is quite untrue to say that it can be put an end to by fiscal measures, because it does not arise out of them and is not directly connected with them.

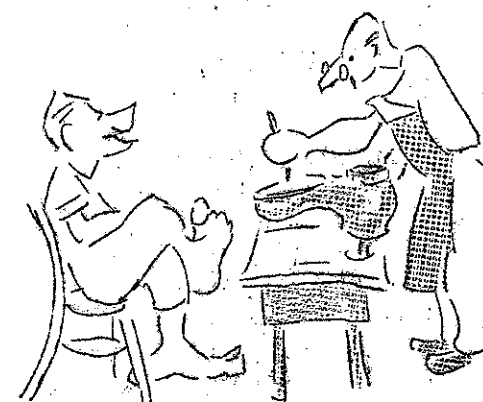
Therefore, on every ground I say that these proposals are mistaken and are not directed to dealing with the real problem. Inflation is a monetary problem. It arises because either the circulation of notes or the circulation of credit is increased. The Government possess ample powers to deal with these matters. They control the Bank of England. They are able to regulate the monetary and credit circulation of this country without an Autumn Budget and without fresh legislation of any kind. Therefore, these proposals are quite irrelevant and quite unnecessary for dealing with the problem as the Chancellor of the Exchequer himself has stated it, the problem of inflation. This is being made an excuse for doing a number of things which are not related in any direct fashion whatever. It may be right, or it may deserve consideration; but all this is resulting, as the noble Lord who has just spoken said, in giving the people of this country a false perspective of what the real problem is, and rendering them all the more unwilling to accept the measures which are necessary in order to deal with it.

GET IT STRAIGHT

by Keith Baynes

A Company Secretary recently asserted in my hearing that all capital expenditure must be inflationary as there would be less consumer goods but the same amount of wages demanding this lesser quantity. This is only one of the many misconceptions there are about inflation and not its least danger is that it diverts attention from the real cause of inflation. However, if only as an exercise in logical thinking it will be interesting to examine the theory advanced and reveal its falsity. Economic laws apply in complex societies as well as in simple societies (strange as it may seem to many of our modern economists) and the easiest way to get to the heart of an economic problem is to imagine a simple state of society in the first place rather than try to work it out in our present complex and distorted economic system.

Now as soon as the advantages of trading became apparent, man has tended to specialise in his production of wealth, exchanging what he has produced with the produce of his neighbour. In early days, barter was the only method available. In this primitive type of society, it is obvious that the demand for goods in total is the production of goods in total, in that the only way a man could obtain goods, was to produce goods for exchange; goods demand goods. (Robbery has no place in economics).



DEMAND IS SUPPLY!

In our society today, this whilst less obvious, is still true. Money is for this purpose just an intermediary, a method of simplifying exchange. The basic truth has not altered. The demand for goods is the production of goods.

Let us then imagine a society of say, 10,000 people, all producers. What will be produced? The answer is, what the producers wish to consume, for the demand for consumption will channel production to satisfy the demand.

Let us further suppose that all production is devoted to the growing of food, the making of clothing and the provision of shelter. This means that 10,000 people are producing these things, in order to consume them. Now comes a change. It is decided to build a large factory to indulge in capital construction at the expense of consumer goods.

Will this produce inflation? The modern economists' answer would I feel be in the affirmative, because the amount of wages will remain the same, whilst the supply of consumer goods must diminish because less workers can be engaged in producing them.

Reverting to our simple society, we can see the fallacy of this reasoning. The factory is wealth, just as are food, clothing and shelter. Duration is not the criterion of wealth. The reason the factory is being built, is that it is being demanded, just as the food, clothing and shelter are demanded - by other wealth - by goods. This is not altered when money is employed as an intermediary.

Thus instead of there being the same demand for less consumer goods, the demand has been diminished by the amount needed to demand the factory. The ratio will remain constant and no inflation will result.

Even if a loan is used to finance the building of the factory, the argument is not invalidated. Every loan presupposes a lender; someone, somewhere, must forego his right to consume and his power to demand. (See the writings of the French economist, Bastiat).

What then is the cause of inflation? We have assumed, in fact stated, that the only demand for goods, is goods. Where however, there is an inconvertible paper currency, the Government is able to demand goods for paper notes. In other words whilst individuals must produce, or take some part of what another has produced, in order to obtain money in order to obtain goods, the Government, apart from confiscating part of almost everyone's produce by taxation, also spends manufactured money, that is in excess of its income. Thus in 1954/55, in spite of a "Budget Surplus" of £433 millions, there was in fact an excess of spending over receipts of £68 millions!

Having established the prime cause of inflation, though not necessarily the only cause, the question remaining is: Why does the

Government need to overspend? Apart from the reasons advanced by politicians with which we are all familiar there is a subtle and important reason not usually disclosed, namely the "Full Employment Policy" à la Professor Keynes.

Now where the natural resources of any country are monopolised, much land remains

out of use or is underused, labour and capital is not permitted the fullest opportunity to get to work. Inevitably there is a tendency toward unemployment. Restrictions on land use are restrictions on labour.

The Government, in these circumstances, in order to maintain the full employment to which policy it is pledged, must constantly spend more than its income, to artificially stimulate employment for those who but for this would have none. Spending does not precede employment, or exchange precede production. Production (or employment) must come first. When however the Government can issue at will false evidence of production (paper money) we get an artificial stimulus to production paid for by higher prices all round.

Without putting right the basic wrong, the private monopolisation of natural resources, the alternatives are (1) continued inflation, (2) considerable unemployment.

COMPETITION FOR HEGEL?

"...These monstrous piecings together of words which really destroy and contradict one another so cause the mind to vainly torment itself in the effort to discover their meaning that at last it collapses exhausted...." (Schopenhauer on the works of Hegel).

Paul Einzig, in his book "Inflation" classifies the various types of inflation under the following main (!) headings:

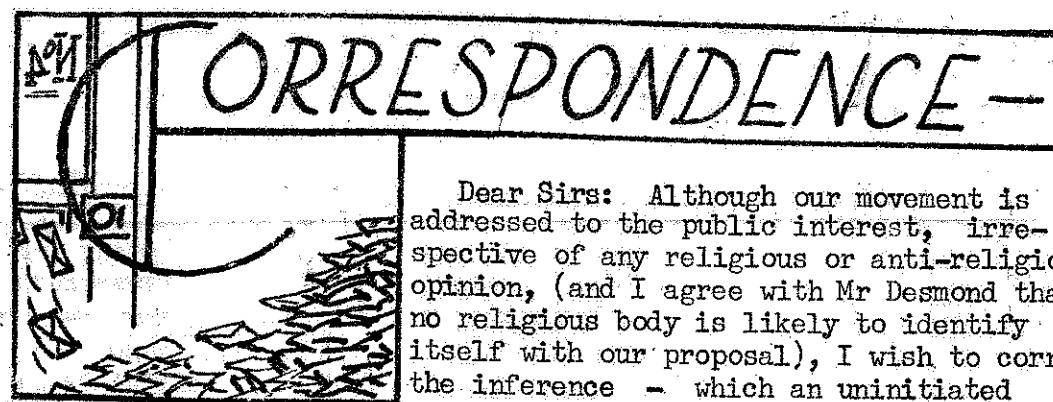
(1) Currency inflation. (2) Credit inflation. (3) Purchasing power inflation. (4) Budgetary inflation. (5) Price inflation through taxation. (6) Inflation through over-investment. (7) Inflation through under-production. (8) Inflation through dis-saving. (9) Inflation through devaluation. (10) Imported inflation. (11) Commodity price inflation. (12) Price inflation through restrictions on foreign trade.

"These categories necessarily over-lap to some extent. Currency and credit inflation, budgetary inflation and inflation through over-investment or dis-saving produce their effect on prices through purchasing power inflation. On the other hand, purchasing power inflation can occur independently from either of these types, for instance through the removal of the wages ceiling. In that case the expansion of currency or credit is a consequence and not a cause of the increase of purchasing power.

"Currency inflation, credit inflation and purchasing power inflation may also develop as a result of inflation of prices arising through inflation through taxation, commodity inflation, devaluation, imported inflation or inflation through trade restrictions. Whether a certain expansionary movement belongs to one category or other depends on the type of inflation which initiates it. In many instances several types are in operation simultaneously and feed each other reciprocally."

READ
"SOUND MONEY VERSUS
INFLATION"

By
J.E. Holloway, D.Sc.
(6d from the School)



CORRESPONDENCE—

Dear Sirs: Although our movement is addressed to the public interest, irrespective of any religious or anti-religious opinion, (and I agree with Mr Desmond that no religious body is likely to identify itself with our proposal), I wish to correct the inference - which an uninitiated person might easily draw from his reflections - that we have no concern with "that great and precious part of our nature that lies out of the domain of logical understanding," to quote the agnostic Lord Morley's reference to the sphere of religious faith. The appeal to reason alone is almost universally taken to mean the appeal to personal interest exclusively. It was fostered by Bentham and his followers and by investing enlightened reform with an atmosphere of arid rationalism has enabled generations of opponents to present radical demands in just that light most calculated to repel warm-hearted persons capable of the altruistic effort on which social improvement must always depend.

By reason we can show that our proposal is to the interest of every honest member of society; but no amount of reasoning can prove that it is to the interest of any particular person to spend his time even listening to our arguments. Unless he has already committed himself to some altruistic concern for the public interest, or justice, or humanity in general we can have no claim on his attention. Our first appeal is not to reason but to altruism, which is a matter of faith. The general spirit of our time, influenced by Protectionism and the Welfare State, discourages altruism. The need to economise our effort therefore should lead us to appeal especially to those sections of opinion already committed to principles on which we also are agreed. We have nothing in common with the cynic, who accepts nothing; and cynicism is widespread. But no member of a Christian community, however illogical or negligent in his deductions, is likely to deny that the earth is the Lord's, that we depend upon the Providence of God (not the State), and that we should love our neighbour as ourselves. This is the message of the old Prophets as well as the sublime and simple teaching of Jesus of Nazareth. Experience shows that no amount of priestly complacency can entirely obscure these basic articles of faith. We should therefore seize every practicable opportunity of advancing our views in religious circles and carefully avoid any appearance of antagonism to religious feeling.

Any fear that by so doing we might incur the hostility of the non-religious 80% is a chimera. The vast majority of these are not anti-religious and, in fact, use churches, at their convenience, for

weddings and funerals. Critics of "the parsons" almost always accept verbally those social ethics of Christianity on which we insist.

Verinder's "My Neighbour's Landmark", Singer's "Philosophies of Jesus and Paul" and, of course, George's "Condition of Labour" provide the Georgeist advocate with ample assistance in the religious approach.

FRANK DUPUIS (Bridport)

ECONOMICS FOR THE ARCHBISHOP

In the Manchester Guardian on 1st November, the Archbishop of York complained that some of the terms used in presenting the Budget were beyond the comprehension of the man in the street. He suggested that a carefully prepared system of education in economic terms should accompany any financial crisis, to enable an ordinary person to understand the reason for increased taxation. We offer the following in reply to the Archbishop:

INFLATION: Puffing up of the currency - the Government prints and issues pound notes to pay its way instead of increasing taxation or reducing Government expenditure.

RISE IN COST OF LIVING: Advance in price of most goods blamed on wage demands, etc., but caused mainly by inflation.

BUDGET: Plan for balancing Government expenditure with taxation - in practice balance can be achieved by inflating the currency - an insidious form of taxation not referred to in the Budget.

DOLLAR GAP: The difference in value between imports and exports to U.S.A. etc., caused by Government fixing a rate of exchange between dollars and pounds (i.e., price in pounds that we must pay for dollars). If price of dollars was left to find its own level, the dollar gap would disappear and our exports to the U.S.A. would probably become cheaper, allowing us to increase them.

STERLING: Genuine money - name first given to our own money when it could be exchanged for gold. Still used when referring to our money but is now a misnomer.

GOLD: Precious metal - needed in the past by the Government for exchange with pound notes if requested. Our right to demand gold at any time prevented the Government from inflating the currency.

TARIFFS: Taxes put on foreign goods to make them more expensive for us to buy, enabling British manufacturers to charge us higher prices for British-made articles because of less competition.

CONTEMPORARY COMMENTS

NO FAITH IN THE POUND? St. Paul's School has warned parents that fees are to be raised in three stages over the next seven years. The first jump will be in the spring, from £105 a year to £111.6s. for each senior day boy. There will be two additional increases of £3.3s. each in 1959 and 1962. "Notice is being given now to warn parents whose boys are just entering the school," explains the bursar. At the sister school for girls in Brook Green, Hammersmith, a bigger increase is to be made. Over the next eight years £15.15s. will be added in instalments to the senior school fees, now £94.10s. (Evening Standard, 17th October 1955)

£6,500,000 PER ACRE!!! A gold mine? Perhaps oil land? Maybe there's diamonds beneath them thar paving stones? No sir, no gold, no diamonds, no oil - just plain earth! But look where it is - it is under the skyscraper at 500 Fifth Avenue, and it has been bought by the Metropolitan Life Insurance Company*. The area, just under half an acre - the price £3,100,000. For sufficient space for an ordinary man to stand upon: £150. We estimate that it would cost about £1,800 just for land if you wanted to be buried there! * Report in Daily Express, 10th October 1955.

HOW MUCH TO PARK A CAR? Privately-run parking lots (which exceed public parking space on Manhattan by 90 per cent) are now a £2 million sterling a year business with almost a quarter of down-town New York real estate devoted to it. (News Chronicle, 17th October, 1955)

CHURCH DEALS IN LAND The Church Commissioners announced today that they will shortly be inviting offers for the biggest single block of property they will have sold in London, and on it they hope to realise more than £1,000,000.

The area is part of their former "Paddington Estate". There are some 650 properties, mainly residential but including shops and large office-building sites.

Because of its size and its potentialities for single ownership and future development, the Commissioners have decided first to invite offers for purchase of the whole by private treaty.

If it is not sold in this way, there will be a sale by auction in lots in May next year.

The sale is part of the Commissioner's policy of re-organisation to produce a higher income, and the proceeds will be reinvested in real estate.

THE "FAIR SHARES" PHILOSOPHY. "... Equal shares for all qualified in some unspecified degree on the one hand by reference to differences in objective needs, on the other hand by reference to difference in contributions of service, this second qualification not being unduly pressed." (Prof. A.C. Pigou, Cambridge economist).

SAME THEME - LESS AMBIGUOUS. "... A society of equal men and women in which there are rewards corresponding to some generally respected criterion of merit - more pay for those who do more responsible work or for those with larger families." (Hugh Gaitskell, at Labour Party Conference).

FUNDAMENTAL PRINCIPLES. The two statements above defy a clear analysis of the state of society envisaged by the writers. Note the words "some unspecified degree", "differences in objective needs", "not being unduly pressed", "generally respected criterion of merit", "more responsible work". In other words a redistribution of wealth based on no clear fundamental principle. Compare the two statements above with Henry George's principles of a just society:

"We should take for the community what belongs to the community - the value that attaches to land by the growth of the community - and leave sacredly to the individual all that belongs to the individual." Also "Here are two simple principles, both of which are self-evident: 1. - That all men have equal rights to the use and enjoyment of the elements provided by nature. 2. - That each man has an exclusive right to the use and enjoyment of what is produced by his own labour."

There is no conflict between these principles. On the contrary they are correlative. To fully secure the individual right of property in the produce of labour we must treat the elements of nature as common property."

ECONOMICS IN ONE LESSON. This is the title of a book by Henry Hazlitt, and it is used as the basis of the School's new course, "Current Economic Theories and Social Problems". If you have been unable to attend one of these courses, you may send for the text book (3s.) and the questions and model answers will be included, so that you can teach yourself. Queries welcomed by Tutors' Panel.

AGE of UNREASON

(continued from last issue)

Public Revenue is a vital phase of economic science. It touches all people both directly and indirectly for good or ill. Unless the basic factors of economic science, LAND and LABOUR (the primary factors) and CAPITAL (the secondary factor) and their relationship to each other are understood and properly presented to students, they cannot learn how to secure income for government in a way that will raise rather than lower the standard of living; that will produce economic and social justice rather than injustice.

Writers of economic textbooks usually devote one or two chapters to taxation. Material for study is based on existing tax laws which were largely conceived and enacted, without the blessings of economic science, for the benefit of groups desirous of profiting; and who can only profit from the mis-direction of taxation to such an end. These taxes are classified, with some show of logic, into such types as sales, income, property, import, excise, motor fuel, and others. Each individual tax or type is evaluated for its effect on production, its ease and cost of collection, its certainty of producing income, its relationship to the wage levels of classes of people and to the popular concept of "ability to pay", and, most important, the incidence of the tax; that is, whether the tax is paid by the person or business on which it is first levied, or whether it is shifted to others in the form of higher prices.

Following such an artificial, fragmentary and uncorrelated type of presentation and discussion, Albert L. Myers, in his book "Modern Economics - Elements and Problems", says on page 547, as a "conclusion" to the subject:

"We have made some attempt to analyse the principles which govern the shifting of taxation. Perhaps we have only discovered more forcibly how difficult it is to determine where the incidence of a tax finally falls. Even this may prove helpful, however, if it tends to make us more cautious in proposing and enacting new taxes."

This frank admission represents the viewpoint of many economists. Is this all we can expect from a science which is, in fact, even now sufficiently developed and potentially capable to serve us in a far better manner? The number of taxes and their cost have increased greatly in spite of the hope expressed by Prof. Myers that such a study of "incidence" as he presents might "make us more cautious in

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proposing and enacting new taxes." The truth is that the economists themselves create the very problem of "incidence" they cannot usefully solve because of their method of presentation of economic science.

A scientific framework of public revenue study cannot be seen, much less understood, when economic definitions are used in college education which closely parallels those of Marx and other collectivists. Such definitions prevent a scientific identification of possible source or sources of public revenue.

An impartial and constructive system of public revenue can be assured only by a careful identification of the factors of production and of the avenues of distribution (the shares allocated, by competitive free market action to the factors of production).

Labour and land are the primary factors of production. Labour is the "father" and land (all material nature unmodified by man) is the "mother". Capital is a product of land and labour - a result of making, saving and investing - and is therefore, a derived or secondary factor. (Capital is NOT just anything that can be 'owned'; it is NOT just anything that can be 'capitalized' or financed in issues of stocks, bonds or mortgages; it is NOT just any kind of "legal" property - in spite of 'popular' opinion and the opinion of too many economists).

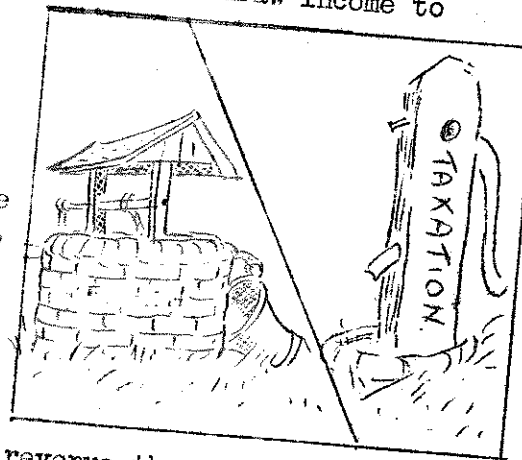
Land by its nature resists labour and capital; labour must, using capital, work against it to secure products. Title holders to land, if they are to get more NET income from their privileged possessions, must by educational, propaganda and political methods control the incidence of taxation and so shift the cost of government to others. The more difficult they make "access to land" to labour and capital owners the more of the products of labour and capital owners they can claim without the necessity of producing products for exchange. This causes conditions which increase the functions of government and taxation.

The number and kinds of taxes have increased in recent years because of such nonsensical and unscientific slogans as "taxation across the boards", or the "diffusion" or "spread the tax base" theories found in many economics textbooks. Scholastic inquiry will show that such theories have one result in practice; the shifting of improper tax burdens to business, industry, labour and consumers.

(... continued on next page)

The pattern of wealth (and service) distribution is determined by the relationship between the factors of production (LAND, LABOUR and CAPITAL) and by our choice of a source of public revenue. The three avenues of distribution are, scientifically speaking, RENT-of-land (economic rent) for the use of land superior to the marginal, or non-rent producing land, WAGES (all direct returns to all labour), and INTEREST (the return to capital). Profit is an accounting term - not an economic science term. It may consist of one, two, or all three of the foregoing shares. Management is NOT a separate factor of production - it is only a JOB classification. For the purpose of simplification true wages and true interest can logically be considered together as the WAGE REWARDS of human effort. Therefore there are only two basic sources from which to draw income to government. These are :

1. RENT-of-land, and
2. The WAGE REWARDS of human effort.



Most people know the difference between a pump and a well, cistern, lake or river. A body of water is the source - the pumps are only a means of obtaining water from its source. Economic education has produced confusion by speaking of a tax as a source of public revenue. A tax is no more a source of public revenue than a pump is the source of the water it draws. We can and do have endless taxes, but all are merely pumps to draw public revenues from these two sources. When this essential fact is known, the thoughtful citizen will ask this question, and he will find its answer: WHICH of these two sources should we use or use first?

He will know the answer when he can compare the results of their use and he will choose the source which gives him the most for the least effort and produces the most desirable living conditions for his fellow man.

We can have a public revenue system that would greatly reduce the cost of government by decreasing the number of its needless functions - a system which lets people take care of themselves in a way better than "government" can offer. We can have a public revenue system specifically designed to INCREASE total production by reducing the artificially imposed obstructions and by increasing the production of all correlated and cooperating units; to give to each individual more wealth and services for no more effort than he exerts today. We can have a public revenue system that will not "lead us into temptation" in the way that both tax collectors and tax payers are led today. We can have all this and MORE TOO if we will focus on the study of public revenue economic science "sources" and not on politically conceived taxes. -- N.D. ALPER, Director, St. Louis Extension, Henry George School of Social Science.

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ABOLISH INCOME TAX

The Editor of "The Farmer" endorses Land Value Taxation in the following article, which is reprinted with acknowledgments from the Autumn 1955 issue.

It may be thought, from the rarity of my incursion into the fields of finance, that organic farming is so successful as to be entirely free from financial problems. There is no doubt that the increasing soil productivity which follows a change to fertility farming, the freedom from chemical fertiliser bills, and the absence of disease in the herd, means that money matters are less of a headache.

But what is a currently insoluble problem to all farmers alike and young farmers in particular, is the financing of farming development where capital is limited. The day was, when a young man with little capital, but an unlimited amount of energy and determination, could, by sheer hard work and the gradual ploughing back of profits, build up a successful large scale farming enterprise. Even during the years of deepest farming depression there were many examples of men who did this, some of whom are farming leaders today.

I was talking to such a man recently and he told me of the difficulties of an ex-farming student of his, well equipped to make the same farming success, who was prevented by taxation. After a successful year he used such profits as he could spare from maintaining his family, to buy a much needed tractor and implements for the more efficient operation of his farm. Then a tax demand came at the end of the previous year's profits. He had to reply to the Collector of Taxes that he was quite unable to pay as he had no money available. "But you made the profits, you must pay", was the answer. The young farmer admitted that he had made the profits and used them, not on himself or any kind of non-essential at all. He had merely used it to provide essential equipment for the operation of his farm.

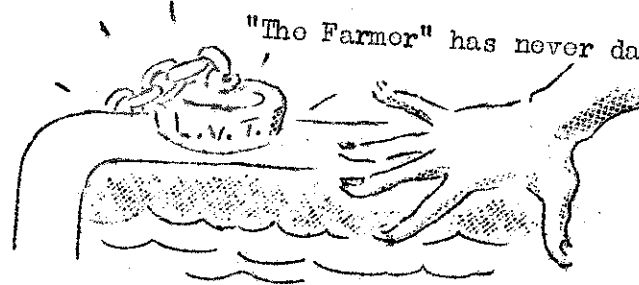
This young man working over 70 hours a week, had managed to show a profit of a few hundred pounds, which he thought could be used to plough back into the farm. But instead of being used to buy a tractor to increase the output of the farm and bring direct benefit to the community, it had to be taken to buy, perhaps, an army lorry for an ex-farmworker to drive empty in convoy along the country lanes from one point to another and back again. Said the prosperous self-made

farmer, "When I earned a £1 I know I had a £1 and I could use it to earn another £1." Today if a man earns a £1 as likely as not it will be added to the pile which, when it is big enough, will go up in atom-ic smoke!

DRIVEN TO LESS WORK

Is there no alternative for the hard working young man, physically able and mentally prepared to work all hours God sends in order to grow food, but to go into a factory to while away 40 hours a week making bombs?

It does not need a financial genius to see that this is the crux of Britain's economic problem. The archaic system of taxation is draining, not only the willingness to work from the young men of this country, but robbing the fertility of our farms through the efforts of our farmers to meet the income tax demands from the capital resources of the soil. Fertility paid out in income tax cannot be replaced with a chemical formula. We exploited the soil to win the last war and we are continuing to drain the remaining drops to prepare for the next. If taxation were used to finance the utilisation of population wastes to go back to rebuild the soil from which the taxation was taken, there would be less cause for anxiety. But while taxation has the dual effect of robbing the land of its hardest workers and the soil of its fertility, clearly something must be done to reverse the process.



"The Farmer" has never dabbled in politics. Our concern is soil fertility and health, and the organic husbandry which is an essential to both. But with the bath water so rapidly running out, we must at least feel for the plug, even though we may be in the dark.

PENALTY ON INITIATIVE

Income tax is the compulsory penalty for initiative and hard work. The more brilliant the ability and the more sustained the labour, the greater the penalty. The harder a man is prepared to work and the bigger his output, the smaller the proportion of the products of his labour he is allowed to keep or to use for himself and his family. Taxation is on the result, regardless of the initial resources or the labour involved in achieving the result. Consequently a farmer on a very poor soil needs to work many times harder and longer in order to make a profit than the farmer of fertile soil. Sooner or later this has the effect of making the poorer soil poorer, and eventually with the increasing pressure of taxation, the fertile soil follows as the ability and inclination to maintain its fertility is decreased.

If a system could be devised in which a man was taxed according to the basic fertility of his soil and was then allowed to keep

for himself, his family, and the increase of his soil's fertility, the total yield of his own labours, he would have every incentive to raise the fertility of his soil to its maximum and work to produce from his farm its greatest potential yield

A once-for-all valuation of land potential whereby a farmer would know that his taxation would remain the same, however much he improved his farm or increased its output, would have the automatic effect of encouraging a farmer to increase the fertility of his farm. For no man would wish to continue paying the same tax on land which was declining in value. Likewise, the knowledge that once the basic land tax has been paid, all the profits of one's hard work could be kept or ploughed back into the farm, would stimulate maximum production far more effectively than any Agricultural Act, 1947, or any other year.

SAME LEVEL OF TAXATION

And there is no reason at all whereby with such a system, taxation yield to the nation need be any less. The level of taxation required from agriculture is known and could continue the same, or be even adjusted periodically to budgetary needs. The total taxation could then be spread fairly over the total acreage of land according to the value per acre of each farm in the country.

This, in the long run is probably the only way that we can ensure against the progressive decline in our soil fertility which seems bound to result from increasing economic pressure, unless farming is exempt from income tax, and taxed instead on a land value basis.

NEWMAN TURNER.

MORE CORRESPONDENCE

Dear Sirs: I hope your correspondent L.F. Desmond will not be offended if I take him to task for his comments on Georgeists and the Churches (Sept. issue). It seems to me that his remarks are completely off the beam, both in intent and argument.

The essence of the main suggestion at the Conference was that each one of us should approach his own clergyman and remind him of his duty to preach justice, particularly on the land question. It was considered that men of the Christian church ought to be (and many have been) champions of justice. Nobody asks for "Georgeist" ideas from the pulpit. Belief in justice is not the monopoly of Georgeists.

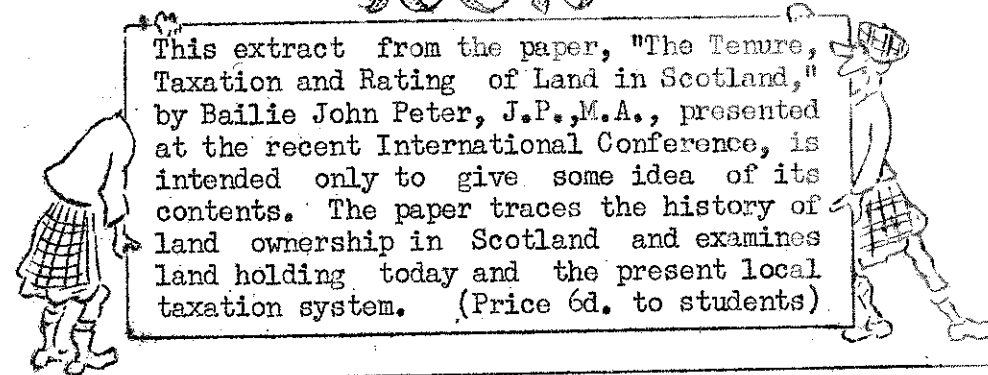
Wrongs need to be pointed out - the oftener the better, and it doesn't matter whether this is done by Communists, Catholics or Unitarians. It is only when people become aware, burningly aware, of injustice that they begin to listen to reformers. Whoever preaches justice, therefore, does a service to Georgeism.

MARY RAWSON (London W.1.)



THE DISINHERITED SCOTS

This extract from the paper, "The Tenure, Taxation and Rating of Land in Scotland," by Bailie John Peter, J.P., M.A., presented at the recent International Conference, is intended only to give some idea of its contents. The paper traces the history of land ownership in Scotland and examines land holding today and the present local taxation system. (Price 6d. to students)



Among the Celtic tribes in Scotland there was originally no private property in land. The tribe as a whole possessed the tribal area and each tribesman had his right to land adequately recognised. But war among the tribes engendered the idea of private ownership of land, for the successful leader began to reserve for himself and his associates the most desirable parts of the conquered tribes' territory....

All the leaders were essentially administrators, and not land-owners. In time, however, the right of the leaders to own land was recognised; to them, as the strongest and ablest, deference was paid and the transition from paying deference to paying tribute was easy. All land was held subject to burdens, these being fixed payment in kind (cain) to the tribal and national leaders; the duty of providing maintenance on their passing through the tuath; and the obligation of fighting foes at home and abroad.... (Then follows a survey of the period between the 12th and 18th Centuries).

At the turn of the eighteenth century there commenced the great change in productive methods, known as the Industrial and Agricultural Revolutions. Among others, there arose an increased demand for wool, and the Highlands of Scotland began to be invaded by sheep-farmers. Those men were willing to pay much higher rents than were the native cultivators of the soil and the latter had perforce to make way for the former. This is the beginning of the historic Highland Clearances. Those chiefs who had been the custodians of the rights of the clans now regarded their lands as a source of income, and the sheep-farmers, frequently natives of England, had often to bear the resentment of the displaced clansmen. The first clearance of 1780 was not the brutal proceeding that

later clearances became. The rights of tenants were recognised; the displaced were allowed a solatium and provided with alternative allotments. Such consideration for the Highland crofter did not last long. Soon the expelled cultivator was forced to settle upon exposed and unsuitable areas which were unable to provide a full sustenance. During those times the poor inevitably suffered most. Many of them gradually drifted south to provide cheap labour for the industrialist - and were held cheap because no alternative means of livelihood was available to them. The more favourably placed emigrated and carried their language, their traditions and their bitter memories over all the Commonwealth.

It is very remarkable that most historians of the Industrial Revolution and exponents of the origins of "capitalism", do not seem to notice any connection between the acquisition of complete rights in land by the politically powerful few (and the loss of rights in land by the politically impotent many) and the unhappy social and economic conditions which followed and which appear to so many superficial observers to have been inevitable in the transition to an industrial economy.

HOUSEWIVES' CHOICE ?

In the "Daily Express" of 17th October 1955, there appeared an account of what that paper described as "a racket." The racket was merely that main crop potatoes had been imported and sold at about £14 a ton when British potatoes were fetching £20 to £23 a ton. Since then the price has gone higher. The account went on to state that the Government, which means in this case the National Farmers' Union, was going to stop the racket. This importation was of some 60,000 tons of potatoes and the transaction was, in fact, perfectly legal under the wording of the regulations. To stop consumers buying potatoes which were about 30% cheaper than home produced potatoes, the Government on 2nd November 1955 made new regulations prohibiting such imports. Now, in the face of this sort of thing, the Government can pretend to be anything but hypocritical in saying it is trying to keep down the cost of living, it is difficult to understand. Once more the consumers are to be sacrificed to the farmers' pressure group and farmers' votes bought with consumers' money.

Berlin's recovery is beyond any doubt. Real estate values are slowly rising.

(Financial Times, 1st November 1955)