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### ARMAMENTS AND THE COMMON MAN

The Government has announced an armaments policy which involves the spending of £1,500,000,000 on preparations for war during the next five years. Of this vast sum £400,000,000 is to be borrowed or taken from budget surpluses (if any) and the remainder is to be raised by taxation. Controversy has raged most fiercely about the proposal to borrow £400,000,000 for this purpose. Something should first be said about the general aspects of the matter.

Expenditure of this magnitude is in effect a confession that the Government has abandoned all hope of pursuing peace and reconciliation. It is an admission that relations with other countries are much more uneasy than they have been since the close of the War. It means the relaxation of effort to improve the economic situation, to reduce the obstacles set against international trade, and to break down the barriers which prevent production at home, and keep men unemployed or working for starvation wages.

These may seem harsh conclusions, but bitter experience has shown that war and preparation for war results in higher tariff taxation, imposed under specious pleas that the indirect taxpayer must contribute his share of taxation, that we must make the country self-sufficient, that we must prevent the country's resources being wasted upon the importation of luxuries, and so on. When public money is being spent rapidly the ordinary controls on expenditure are relaxed, prices soar, those who have goods to sell benefit, those who have nothing but their labour to sell are left behind vainly struggling to gain increases of wages to compensate them for increased prices.

Every item of this expenditure has to come from the toil and labour of the people. Every gun, every shell, every aeroplane, every ship, has to be made by the work of our citizens. That fact makes the project at first sight attractive to the ordinary worker. He sees the prospect of more employment and higher wages. However evil the thing may be in itself, however ghastly may be the ultimate prospect, the immediate result seems to be more work and more money to spend. But if this is so, why should we limit the plan to five years? Why should we not go on for ever spending an ever-increasing volume of national revenue on armaments and if need be dumping them on the scrap heap where in the end they will all go? Some do indeed hold most firmly to this theory, except that they urge that the increased spending (whether from taxation or borrowing) should be on public improvements, on parks and open

spaces, on street widenings, on new roads, on new town halls and libraries, or what you will. The latter view has this to commend it, that the community has some tangible and useful assets in exchange for its expenditure. But for those who believe that armaments are useful assets there is no difference in principle.

All wealth is the produce of labour applied to land. If increased expenditure of public revenue on armaments or on any kind of public works means an increase of wealth, both of two things must exist. There must be idle labour which otherwise would not be employed on producing anything, and there must also be idle land which otherwise would not be employed in producing anything. In addition it must be the case that it is the idle labour which is engaged on this work, and not labour already employed which is diverted to it, and it must also be the case that land previously idle is made use of and not land that was already being used which is diverted to that purpose.

There is not the faintest evidence that these conditions are or will be satisfied. There is plenty of idle labour, though perhaps not so much in the industries that will be affected by the armaments programme. There is plenty of idle land. But how will an increase in public expenditure bring them together?

If the expenditure is met out of taxation, those who pay the taxes will have their spending power diminished. Their demand for commodities of various kinds will be reduced, and their spending power will be transferred to the Government. Neither additional demand nor additional production can come out of this process.

If the expenditure comes out of Government borrowing, the same thing results. Those who in the ordinary way would save in order to invest their savings in industry hand them over to the Government which invests them in armaments. No additional demand and no additional production comes out of this process. Or if it be said that people are stimulated to save who otherwise would not do so, this simply means that they cease to spend a part of their incomes on consumable goods and transfer this spending power to the Government. The same conclusion is therefore reached.

The arguments about whether the Government can borrow 400 millions without an inflationary effect are quite irrelevant to the fundamental aspects of the problem. Whether the plan is carried out with or without inflation bears mainly upon the question of who will ultimately bear the cost of it. If there is inflation, a larger proportion of the cost will be borne by the average wage worker and persons with fixed incomes. If there is no inflation such people will suffer less severely. In either case they will suffer to a considerable extent under our existing system of taxation which imposes so large a share of the burden upon useful effort.

It is nonsense to imagine that a large part of the effort of the community can be diverted to non-productive purposes without grave injury to the mass of the people. If, as we have said, unused resources of land and labour alone were used for this purpose, then no economic injury would result, although it could still very well be asked why these resources should not be employed for a better purpose. In fact there is nothing in the armaments plan that can secure that unused land is put to use. On the contrary the prospect that the Government will require land for aerodromes or other purposes is likely to stiffen the price of land.

The instinctive feeling of apprehension excited by the announcement of the Government's proposal is well founded. The outlook for the common man is greatly worsened. Some persons undoubtedly will make handsome profits out of a lavish expenditure of public funds,

but a vastly larger number will suffer in order that these fortunate few should benefit, and their sacrifice will be measured in less food, less clothing, and less of such simple enjoyments and comforts as they have been in the way of enjoying.

F. C. R. D.

## REGENT STREET LEASES Ground Rents of Crown Land

The London *Evening News*, 20th February, reports:—

The Commissioners of Crown Lands have agreed to negotiate with the Regent Street Association, representing the leaseholders of Regent Street properties, about the ground rents charged.

The Association has been in communication with the Commissioners since 1927, but the answer has always been that there was no point in discussing the matter.

The leaseholders claim that the ground rents are uneconomic, excessive, and fixed at a time of inflated prices.

Although Regent Street is still one of London's leading shopping centres, some firms have had to move, some have closed down.

And high ground rents are blamed.

In 1913 the total rent-roll from Regent Street was £44,000; it is now £520,000.

The street was almost entirely rebuilt between 1920 and 1927, and new leases were made out to last for 80 years. Prices were then very high, and the Association claims that the figure of £520,000 is an inflated one which bears no relation to the present value of the property.

As an instance, a building in Regent Street built for £26,000 was sold recently for £10,5000.

Some few firms still have the old leases granted before 1820, when Nash built Regent Street. A wine merchant who paid £27 10s. ground rent in those days now pays £7,000 for the same premises. Many rents have increased a hundredfold.

The *Evening News* further explains:—

The term Crown Lands seems to puzzle some folk: they do not realize that Crown property is not the King's personal property.

It is true that the 261,000 acres of Crown Lands, and the rights in them, were once the King's own possession. George III surrendered them in return for a fixed annual amount added to the Civil List.

The Government made a good bargain, for payment into the Exchequer from Crown Lands is nowadays well over a million every year.

A good deal of West End property is included, most of Regent Street, Pall Mall, Cockspur Street, Carlton House Terrace and areas round Regent's Park. This vast London estate has 2,000 buildings on it.

One item of Crown Lands income is contributed by the deer in Windsor Great Park. Each year in the accounts of the Commissioners, receipts from the sale of venison, skins and horns are included.

Mr Milner Gray, speaking at the Market Harborough Liberal Association at Leicester (*Birmingham Post*, 22nd February), strongly criticized the Government's Defence Loan proposals.

"The burden," he said, "should be borne by those who had created the necessity. It would be interesting to see if Mr Chamberlain would now tax the great increase in land values created by public expenditure and particularly by the movement of industry to the South."

## ROADS AND AGRICULTURAL LAND VALUES

Access to markets and centres of population has long been recognized as one of the factors influencing the value of land. A valuable article by Mr Charles L. Stewart of the University of Illinois in the *American Journal of Farm Economics* (November, 1936) summarizes a number of investigations on this subject. It points out that not only distance but the quality of the road, enabling faster and heavier traffic to be carried, affects the value of land.

A recent German investigation showed that farms six miles from town had yields of grain and milk ten per cent lower than those which were closer. The gross income was less and after allowing for transportation costs and other expenses the net income was considerably less. The book-keeping results showed that the average reduction in the net rent was about 5 per cent per kilometre, but was higher (6½ per cent) for the small scale farms and lower (4½ per cent) for the large scale farms.

An English writer (Tom Bright, *The Agricultural Valuer's Assistant*, 1910) is quoted as saying that "market towns containing 1,000 to 5,000 inhabitants influence the value of land for a distance of three miles." the difference in value ranging from 30 per cent downwards. "Towns containing 5,000 to 50,000 inhabitants affect the value of land for a distance of six miles from 50 per cent downwards according to proximity. Cities and large towns containing more than 50,000 inhabitants increase the value of land within ten miles, that in close proximity being worth 100 per cent more in consequence of its situation."

A more recent authority is quoted to the same effect. "The distance to the nearest market town or to a railway station will materially affect value. This, perhaps, will have a greater influence on rent than any other feature. Small villages have little, if any, effect; but market towns if not more than a few miles distant, will undoubtedly influence the rent. Land near a town may be worth 50 per cent more than that three or four miles away." (Sydney A. Smith, *The Valuation of Land and Houses*, 1933.)

The results of investigations in a number of States in the United States bear out these results, and show that there the influence of proximity to towns is traceable over longer distances. This is noted as applying to wheat-growing land and in North Dakota it has been reckoned that 1·6 per cent per mile has to be deducted to equalize the cost of marketing.

In the case of land adjacent to large cities more intensive cultivation is adopted and more attention is given to potatoes and vegetables and to dairy products.

Distance from hard roads is noted as a factor of great importance. In most parts of this country this factor will not be so noticeable as the network of public highways is much closer.

### THE REAL CAUSE OF AGRICULTURAL DISTRESS

By Arthur R. McDougal

New, revised and enlarged edition with Foreword by Sir Robert Greig, formerly Secretary to the Department of Agriculture for Scotland.

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