

THE LAND BOOM BEGINS

The surveys of the year's real estate dealings contained in the leading newspapers or issued by the principal estate agents make instructive reading. The demand for houses appears to have been weak, but the demand for land for all kinds of productive purposes was very markedly greater than in the previous year. In this category are included shops, land for building and agricultural land. The demand for ground rents as investments was also strong, as was the demand for mortgage investments.

A number of conclusions may be drawn from these facts. The first is that the revival in trade, though not sufficient to enable the average citizen to purchase a dwelling house for himself to the same extent as formerly, has been quite sufficient to induce speculation in land value. This is a very significant fact. It would be an interesting matter of inquiry whether land speculation has ever before asserted itself at such an early stage in the up-grade of the trade cycle. At the least this fact augurs ill for any rapid improvement in industrial conditions. Land monopoly appears to be anticipating the effects of better trade before the improvement has got well under way.

In particular, the drastic measures taken by our Government to raise the prices of agricultural products have, during the last six months of the year, raised the index number of foodstuffs from 112 to 126. This has stimulated the demand for agricultural land and maintained its price, preventing the natural safety valve of falling rent from operating to relieve the condition of agricultural producers. No less than four and a half million pounds has been overtly taken from the consumers of breadstuffs by way of wheat subsidy to produce this result, but very many more millions have been taken from them by way of increased prices of meat, vegetables and bacon for the same purpose.

Another inference that may be drawn is that unsettled monetary conditions have encouraged those who have funds to invest to purchase land, even although in doing so they have raised the price of land to a point at which the return on their investment is extremely low. If this has taken place in this country, where the purchasing power of money has been remarkably stable since a few months after the date when we left the gold standard, what has happened in other countries where the currency has been less steady?

This is a point to which those who hope to solve the economic crisis by manipulating the currency may well give earnest attention. Economic law is a reality which will assert itself despite all attempts to deny it. The distribution of wealth depends upon more fundamental factors than the mechanism of exchange. Interference with exchange, whether by alteration of the purchasing power of currency or by tariffs, quotas and other restrictions may indeed produce serious effects. The foundations, however, of every economy depend upon the ownership of the tangible means of production, land and fixed and circulating capital, but especially upon the ownership of land—the permanent and indestructible source of all wealth.

The ownership of land, in fact, is the ultimate determinant of the ownership of capital. This truth was seen by Karl Marx himself, who was driven to find the origin of capitalism in the appropriation of land by a few and the expropriation of the rest of the community from any rights in the soil. It is true that he does not pursue the idea to its conclusions, leaving it to be inferred that this was merely an historical cause which exhausted itself, and that capitalism thereafter continued to recreate itself, like the phoenix, from its own ashes.

To Henry George belongs the merit of showing that

this was not merely an historical cause, but a persisting one, whose importance becomes greater and greater with the progress of society. In the primitive community, the difference between the value of one piece of land and another depends upon little more than differences of fertility. The development of a complex and highly organized and specialized society has brought out differences in the relative desirability of land which could never have been foreseen in a primitive society. Cities such as London and New York, where land values reach millions of pounds an acre, have been made possible by the development of the arts of production, and the happy owners of the sites upon which they are built draw tribute from the labours of millions of human beings in exchange for the mere permission to live and to carry on business within them.

Economic necessity with imperious pressure compels the common people to pay for the opportunity of earning a bare living revenues such as eastern potentates never dreamed of.

The one great constructive effort to redress the economic balance—the land value clauses of the Budget of 1931—has been suspended by the National Government upon the plea of economy. Yet it has no hesitation in spending an additional £300,000 upon the collection of tariff taxes, which are taking some £20,000,000 a year out of the pockets of the people in taxation and much more in increased prices. To have taken twenty millions in revenue by a tax on land values, which might this year have been in actual operation, would not merely have relieved the workers of that drain upon their earnings. It would also have gone a long way towards forcing land into use, reducing the price of land and opening up opportunities for employment and higher wages to the vast army of those who are unemployed or are earning a bare minimum of subsistence.

As Henry George has said: "The same principles of right and wrong that hold when men are few and industry is rude also hold amid teeming populations and complex industries. In our cities of millions and our States of scores of millions, in a civilization where the division of labour has gone so far that large numbers are scarcely conscious that they are land users, it still remains true that we are all land animals, and can live only on land; and that land is God's bounty to all, of which no one can be deprived without being murdered, and for which no one can be compelled to pay another without being robbed."

It is upon this simple principle that we must seek to rebuild our society, so that all men may share equally in the benefits which nature and social progress have made so abundant, so that none may starve or beg for employment in the midst of plenty.

F. C. R. D.

About ninety acres of land on the Merton Park Estate, Morden, Surrey, was sold by auction recently for the price of £85,000 to Messrs. H. W. Selley, Builder, Ltd. Most of the land had been let to the Merton Park Golf Club, but the lease expires in March. The club has secured the lease of an adjoining area which is to be laid out as a golf course.

This example may well make one wonder whether the exemption of playing fields contained in the Finance Act of 1931 was in any respect a wise provision. It certainly indicates that in any future legislation the definition of a playing field should be so framed as to make certain that any exemption should not be a mere cover for land speculation.

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