

LAND NATIONALIZATION

Two articles by Professor Orwin in recent issues of the *New Statesman and Nation* have contained a plea for land nationalization and a plan for bringing this about.

The argument in favour is that although there is nothing either unlawful or immoral in private ownership of land, it has outlived its usefulness and is an anachronism and obstruction in the modern state.

In proof of this Professor Orwin draws attention to a number of statutes passed for the purpose of counteracting the evils of private ownership. The Agricultural Holdings Acts are correctly cited for they help to secure the benefit of his improvements to the tenant. But to mention the Land Improvement Acts and the Agricultural Mortgage Corporation in the same category is nonsensical, for these Acts are intended to help landlords by enabling them to borrow money at exceptionally low rates of interest.

It is here that we come to one of the confusions which besets Professor Orwin. He is unable to distinguish between the functions of landlord and capitalist. The capital equipment of the land and soil is deteriorating and is not being renewed. As the landlord will not provide this, the land must be nationalized and the state must provide it.

No attention is paid to the possibility of the farmer providing the capital required, nor does it occur to Professor Orwin that the only reason why he does not do so is lack of security of tenure. This is assuming that there is an economic advantage to be gained from making the improvements, as to which the farmer who stands to gain or lose by his judgment is more likely to make a sound decision than any public official.

The question whether the improvements are economically advantageous or not does not worry Professor Orwin. Mining royalties, buildings values and such like would suffice to subsidize the other parts of the property. One can only say that if land ever is nationalized, and is entrusted to the management of people who hold such views, we shall be setting out upon a road which leads straight to national bankruptcy.

What is the reason for the strange obsession which seems to afflict most writers on agriculture, making them believe that it is both necessary and desirable to subsidize a wasteful and uneconomic use of land? Do these people in their own lives pursue the same policy? Do they use part of their own incomes for subsidizing the growth of agricultural products which cannot pay their way? And what justification can there be for imposing upon a whole people a course of conduct which none of us would adopt in his private life of his own volition?

Now let us turn to the method of nationalization. The proposal is that the State should be empowered to buy land at the landlord's own figure or to use it as a basis of valuation for income tax or local rates. The State could buy or it could tax and the basis of the purchase price or of taxation would be the landlord's own valuation of his property. It is a plausible idea.

We are told, however, that a beginning would obviously be made with the land and property in rural areas and with the undeveloped land in urban areas. The urgent need is to secure national control as soon as possible over all the land in the country which has not already been exploited for building, transport, etc. Now an urgent need is not compatible with a leisurely holding of the landlord in a cleft stick to discover whether he has put too high a value on his land for which he is to be penalized by taxation or too low in which he is to be penalized by purchase. If the need is really urgent the State must buy, and the landlord is under no dilemma for he will put the valuation high. Moreover, agricultural land

pays no rates, and unused land pays neither rates nor income tax. Therefore the owner of the land which is stated to be most urgently needed is under no dilemma at all. He knows that the policy is to buy that land, and the risk he runs in putting a high price on it is small.

The proposal is that the owners of land should be paid in government stock bearing interest. The State would then be the landlord. It is contemplated that the rents received from the land would pay the interest on the stock. This it will be readily seen precludes any possibility of reduction of rent. The land will be bought on the basis of present values which in the case of agricultural land are inflated by the tariffs, quotas, and marketing schemes, and in the case of other land by speculation and the holding of land out of use. Therefore, excessively high rents must continue to be paid.

Professor Orwin, knowing that land nationalization without reduction of rent cannot hold much attraction to the farmer, holds out the hope that agricultural land will be subsidized by the rents of other land, although this must upset the finance of the scheme. Another curious suggestion is that the Crown, "being exempt from income tax and sur-tax and knowing nothing of death duties" will have money to spend beyond the means of the private landowner. In other words the State will pay the bond-holders an income equal to their previous income from rents on which they will pay taxes as before, and yet the State will have left a clear surplus equal to the taxes at present paid by the landlords. Further comment on this fantastic idea is unnecessary.

F. C. R. D.