

LAND & LIBERTY

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THE MILLSTONE ROUND OUR NECKS

By A Farmer

THE AGRICULTURAL Development Act purports to be an Act to develop agriculture and help farmers, but on examination one finds that a better title would be "The Agricultural Land Inflation Act, designed to safeguard Landowners and Mortgage-holders."

Its main methods are to fix standard prices for oats, barley and mutton and to pay the producer a deficiency payment in so far as the prices actually received fall below the standard prices. It further gives a grant of £2 per acre for the ploughing up of old grass land. Its whole general principle is simply the old one of subsidizing the farmer, and it is based on the most obvious fallacies. Here are some of its defects:—

COST OF PRODUCTION

Apparently it is founded on some cost of production basis. But owing to the great variation in soil, fertility, climate and elevation, it is impossible to fix any national cost of production for any farm product.

Take oats for instance. With the same expenditure in labour and manure, etc., good land at low elevation will yield from 10 to 12 quarters per acre, whereas poor high land will only yield from 4 to 6 quarters. Here, for the same cost, is a difference of yield of 100 per cent. Obviously the cost of production of a quarter of oats is so variable as to be unascertainable, except as regards some particular field. A national standard is impossible; similarly with other products.

This being so, the better land that needs no subsidy gets the same as the poor land, if the subsidy is *per acre*; whilst if the subsidy is *per quarter or per cwt* as the wheat subsidy, then the good land gets actually twice as much per acre as the poor land. However one looks at it, the subsidy policy is wasteful and slovenly, and in practice it has not increased the cultivated area.

NO SAFEGUARDS

There are no safeguards such as were in the Corn Production Act, 1917, to prevent rent and price of land absorbing all the benefits, if any. This accounts for the fact that rents, over all, in spite of the terrific fall in prices of produce, have fallen very little. The spate of subsidies, quotas, etc., has neither increased cultivation nor the number of workers, nor has it benefited the farmer, who, in fact, is worse off than ever. It has merely increased or maintained land values.

INFLATION

The policy of the new Act is merely inflation with all its evils. The *Real Cause* of agricultural distress is gross inflation of land values, caused by excessive competition for farms, fanned by the Government's subsidy

policy. Clearly deflation and not inflation of land values is the remedy.

CONSUMPTION

The Act ignores the fact that low prices are due, not to overproduction, but to *Underconsumption*, due to insufficient purchasing power. The fallacy of the subsidy: Tariff: Quota policy is that you cannot increase the total sum paid for food without increasing the purchasing power of the masses. Every penny of subsidy is now obtained from the pockets of the people, and since most of the subsidies are raised by indirect taxation they come out of the housewife's pocket. Mere price-raising will not take more out of her pocket because she has not got any more. If prices rise, she simply buys less, which means more surplus.

Suppose she only has 20s. to spend now.

If in order to pay a subsidy you take, say, 3s. from her (the wheat subsidy alone takes $\frac{3}{4}$ d. on every loaf) you leave her with only 17s. to spend. Part of this 3s. goes to profiteering middlemen. Part of it goes to Denmark in higher prices for less bacon, caused by the bacon quota. Part goes to others profiteering under tariffs. What is left goes to London for distribution as a subsidy to various crops, etc. Much of this sticks in London and elsewhere in expenses and at long last out of the 3s. lost by the housewife in this iniquitous racket, the farmer will be lucky if he gets even 1s. 6d.

So the end of this silly Subsidy: Quota: Tariff Policy is that the housewife is left with only 17s. to spend, whilst the farmer gets only 1s. 6d. in subsidy. This gives the farmer a total of 18s. 6d. under the subsidy policy, whereas *if nothing had been done at all*, he would still have been getting his 20s. Where he does benefit the rent or price of his farm is soon raised and he is worse off than ever. Of course different farms vary greatly and many are drawing enormous subsidies, followed in turn by increased rent and land values, or by existing excessive rents being maintained.

Surely part of any policy should be to help the consumer. This can best be done by lightening the burdens on the housewife. The best way to do this would be to derate houses entirely and to raise the rates required by a tax on those huge land and site values created wholly by the community. This at one blow would increase the housewife's purchasing power by at least £10 per household, and it would cheapen land and lower costs of production.

SUBSIDIES AND CHARITABLE AID

Few realise the extent to which the landowner is subsidized now, the more so as many subsidies are so carefully concealed and camouflaged, as, for instance, the wheat subsidy, which came to about £7,000,000 last year, and which is not shown in Treasury accounts at all, under the plea that it is self-balancing. Similarly derating appears in no accounts, nor does the increase in prices due to quotas, tariffs, remission of excise, etc.

Here, from official sources, are the estimates of agricultural subsidies for this current year, on the basis of the prices ruling last year:—

Sugar Beet	£3,000,000
Beef	4,265,000
Milk	492,910
Land Fertility Act, Slag and Lime ..	1,500,000
Bacon	425,000
Oats and Barley	3,870,000
Wheat	7,000,000
Sheep	2,500,000

Total Direct Subsidies 23,052,910

Total Direct Subsidies	£23,052,910
Total Derating under the 1896, 1923 and 1929 Acts amounting to roughly 7s. 6d. per £ of rent	18,000,000
In addition, there is the rise in price due to import quotas, hops and potato quotas, bacon quota, marketing boards, grants for tree planting, draining, bracken cutting, housing, etc., etc., remission of part death duties, remission of sugar beet excise, etc.; say at very moderate estimate	10,000,000
<i>Gross Total</i>	<u>£51,000,000</u>

Official answers in regard to the above, whilst technically true are very misleading. For instance, the wheat subsidy is collected by a Wheat Commission by a tax on flour, which is raised to any level required to find the Wheat Deficiency Payment or subsidy. It does not appear in Treasury Accounts at all. It is a licensed robber who is now not responsible to Parliament at all, like the Marketing Boards. Similarly the derating relief in official answers is put at about £10,000,000. This is correct for the 1929 Act but it does not include derating by earlier Acts. Briefly, Agricultural land only pays one-eighth of the rates it should pay in Scotland, and that is in respect of houses only; and in England land pays NO RATES AT ALL.

DANGER TO TENANTS

Without safeguards to prevent it, the whole benefits if any go to the landowner in higher rent and prices than he otherwise would have got. He can and does compel the tenant to pay rent or quit; or buy or quit, at values based on the continuance of these subsidies, which now total more than the whole rent over all. It is thus clear that the tenant is driven willy-nilly by competition into a position where he must tie himself up with an inflated rent; or an inflated price, if he buys his farm.

We all know the evils of inflation. It ends in bursting the balloon. Let us ask the tenant farmer to realize *Now* what his position will be when the balloon bursts. He alone almost will be left to stand the racket. If he has rented his farm on lease his landlord will hold him to it and ruin him; if he has bought and mortgaged, the mortgagee will do the same. The tenant's only other course now is to give up farming. Several have done so and more are thinking of it, rather than face these risks.

As a practical farmer of 40 years experience I say that I dread these subsidies, and would gladly see them and their quotas, tariffs, etc., all repealed.

The only sane policy is to reduce rents and land values to such a level as will conform with low prices, and to see that they are low enough to allow of good wages and a fair profit. This should be accompanied by taxation of land values and derating of houses.

We should remember as an axiom that the consumer must come first. Adam Smith said: "The sole end and aim of all Production is Consumption." We have forgotten that entirely. We even produce for its own sake and then destroy the product rather than sell it cheap.

Finally I would say that the whole of this legislation with similar Bills and Acts is dishonest and unsound. It purports to help farming. Its one and only aim is to bolster up land values, landlords and mortgage holders.

Unfortunately a sound economic policy is quite inconsistent with a refusal to do anything that might inconvenience or damage powerful vested interests.

This is just what the present policy ignores. It safeguards the vested interests of the mere rent-receivers and refuses to compel the recipients to reduce rents or to insure that better wages are paid. Agriculture would be better off if every Agricultural Act since 1931 were repealed except the Minimum Wages and Holidays Acts.

ARTHUR R. McDOUGAL.

HENRY GEORGE BROADCAST

IN COMMEMORATION of the Centenary, the B.B.C. have arranged for a talk on Henry George to be given by Professor C. R. Fay of Cambridge University over the National transmitter on 2nd September from 7.45 to 8 p.m. The wave lengths are (Medium) 261.1 m., 1149 kc. and (Long) 1500 m., 200 kc.

Listen in also to the Danish Broadcasting System. The stations are Copenhagen 255 m., 1176 kHz., and Kalundborg 1250 m., 240 kHz., on 2nd September at 7.30 p.m. A whole hour has been allotted to this broadcast for which an exceptionally fine programme has been arranged. It will open with singing by the Boy's Choir who will sing also at the end. Address by Mr F. Folke, followed by a Radio Play, "The Prophet of San Francisco," in three parts, specially written for the occasion by Mr Viggo Bredsdorff. The play starts with the Fourth of July, 1877, incident when George made the oration and speeches of his will be given. The second part portrays the domestic circle in October, 1897, Henry George, Mrs. George, Dr James Kelly and others discussing whether he (George) should stand in the Mayoral election. The third part is the last meeting in the Opera House, New York, on 20th October, 1897, the entry on the platform, voices from the audience, conversation among the platform supporters, introduction by Willis J. Abbott, the chairman, a portion of George's last speech, and the passing so shortly after. The whole is well dramatised, the Broadcasting System supplying the actors, and the cast includes not only those named above but many others: Tom L. Johnson, August Lewis, Edward McHugh, Louis F. Post, Charles Frederick Adams, Ryan Jackson, etc. After the play, Dr Viggo Starcke will speak on Henry George and Denmark.

COMMEMORATION DINNER IN LONDON

UNDER THE auspices of the International Union for Land Value Taxation and Free Trade, the Centenary of Henry George will be celebrated at a Dinner on 2nd September, at 8 p.m., in St. Ermin's Restaurant (close to St. James's Park Station), Westminster.

The Union is happy to entertain on this occasion, the Right Hon Lord Snell, leader of the Labour Party in the House of Lords and former Chairman of the London County Council, who will address the gathering, also the Right Hon Josiah C. Wedgwood, M.P., who will preside.

Mr Austin H. Peake, Chairman of the Executive of the International Union, will also take part in the proceedings.

Before the Dinner begins the party will be able to listen (7.45 to 8 o'clock) to the broadcast on Henry George, by Professor C. R. Fay of Cambridge, speaking from the National transmitter.

A cordial invitation is extended to all readers in the metropolitan area or will be in London on that day. Tickets, price 5s. 6d. each may be obtained on application to the International Union, 34 Knightbridge Street, St. Paul's, London, E.C.4.