

**There is no Flag Day collection for
"our" land owners but nevertheless . . .**

We Give Generously

IN UGLY TOWN AND LOVELY COUNTRY

INDUSTRIALISTS, it appears, are fastidious and land owners beauty lovers. Under section 5 (3) of the Local Employment Act, 1960, the Minister can make grants to local authorities to restore, acquire or bring into use "derelict, neglected or unsightly" land in development districts. It is thought that this may encourage industrialists (obviously delicate creatures) to establish factories and thus, as the saying goes, to provide work.

Under the National Parks and Access to the Countryside Act, 1949, the Minister can make orders designating tracts of land as "areas of outstanding natural beauty". The latest order relates to 128 square miles in South Devon. Responsibility for preserving and enhancing the natural beauty of the landscape rests with the local planning authority but Government grants can be made at the rate of 75 per cent. towards the cost of treating derelict land, tree planting and preservation, and removing disfigurements. Designation does not provide any right of access to land not already open to the public nor does it affect the existing use of land.

Expenditure of so-called public money under both Acts enhances the privately appropriated value of land, both that directly affected and surrounding land. Failure to collect the nation's land rental income for the benefit of the community at large is bad enough in all conscience; compelling taxpayers to subsidise land owners rubs salt in the wound.

A LINCOLNSHIRE EXCEPTION PROVES THE GENERAL RULE

A NEAT illustration of how British agricultural policy raises farm rents against tenant farmers — in other words, how taxpayers' money subsidises agricultural land owners—is afforded by a recent court case brought by the Church Commissioners. This concerned the annual corn rent payable in respect of land at Scremby, in Lincolnshire. The land was originally enclosed under an Act of Parliament in 1801. The Act provided, *inter alia*, that the rent was to be determined in the first instance, and thereafter at 21 year intervals, by three Commissioners and paid to the rector and his successors. The Commissioners were to apply a rather complicated formula based on the average price in Lincolnshire over 21 years of a Winchester bushel of good marketable wheat. The average price for the 21 years ending Michaelmas, 1799, was 5.7 shillings.

The three arbitrators appointed in March 1959 reported to the next quarter sessions that the average price during the 21 years ended March 15, 1959, was 10s. 1d. This sum excluded payments that the grower received under

the Cereal Deficiency Payments Scheme, which had averaged 11d. per Winchester bushel. Subsequently, after consideration, the quarter sessions decided that the Scremby Corn Rents be increased by the proportion that 10s. 1d. bears to 5.7 shillings, i.e. they were concerned with the average price received at market and excluded the average deficiency payment of 11d.

This decision was upheld by Lord Parker, the Lord Chief Justice, with Mr. Justice Byrne and Mr. Justice Donovan concurring, in the Queen's Bench Divisional Court before whom the Church Commissioners brought an appeal. The word "price" in the Act of 1801 was held to have its ordinary meaning and thus to exclude the deficiency payment.

In this special case the tenant is protected by statute against having to hand over the taxpayers' money he has received. Readers will recognise, however, that this is an exception that proves the general rule that deficiency payments raise rural land values and thus benefit land owners. The same is true of subsidies, grants, low interest loans and similar devices.

A PROFESSOR AGREES

SCHOLASTIC endorsement of this contention comes from the head of the Department of Agricultural Economics at the University College of Wales. In a letter in *The Guardian* last month Professor E. F. Nash wrote: "Today's vacant possession value is a protected price. . . . There must be many farms which would be incapable, as they are conducted at present, of yielding any net income to their operators if their products had to be sold at free market prices. If we want to encourage the capital expenditure needed to make the land capable of repaying its costs of operation under these conditions we must allow the investor a return based on the improvement which his expenditure creates, and to do this it is obviously necessary that the land should be valued, both in its unimproved and in its improved condition, at an unprotected price. This means that land values will fall, in so far as they are at present sustained by the support measures I assume we intend to abolish."

PROFESSOR NASH was replying to correspondence arising from two critical articles on British agriculture he contributed to *The Guardian* in August. Our space allows only the sketchiest summary. The total value of the protective system to agriculture, taking into account tariffs and monopoly marketing arrangements, particularly for milk, as well as subsidies (£260 million) is not less than £300-350 million a year. This is of the order of the net income from farming last year (£365.5 millions) and represents a minimum average subvention of £1,000 per farmer a year. To reduce dependence on

protection and subsidies, emphasis has been placed on efficiency. While improved technical efficiency may have been achieved, enlargement of the volume of subsidised output is not a very effective way of reducing dependence on subsidies. "A policy of price guarantees which is designed to give the small or average farmer what is considered to be a reasonable income inevitably encourages him to remain a small or average farmer. If, at the same time, we make successful efforts to improve his technical efficiency we justify the need for structural changes in the industry while weakening the incentives which might otherwise have helped to accomplish them. We pay prices which encourage him to burden the market with unwanted output, to remain in occupation of a farm he might otherwise have found unprofitable and to use productive systems he might otherwise have found too costly. In paying these prices we also make large additions to the incomes of many whose rewards would be quite adequate without them and whose circumstances give them no claim on the generosity of their fellow citizens."

Extensive changes are needed if British agriculture is to be made fully competitive. Provided the motive of private gain is enlisted their magnitude is not a major obstacle: the joint-stock company method could be used to enable the surviving large estates usefully and profitably to guide the needed reorganisation. Certain taxation provisions which operate against owners who transfer their land to companies would have to be reviewed.

A compensation scheme for those whose incomes would be reduced by withdrawal of price guarantees could be devised. "It might take the form of a personal annuity payable to all those at present engaged in farming for the rest of their lives". The aggregate annual cost could be limited to the total cost now falling on the public, whether as consumers or as taxpayers. Payments would not be related to future output and should in no way influence future productive decisions: they should have a fixed term. New entrants to farming would have to accept the terms offered by a free market. Transition to free market prices could be spread over a period, say five years.

WE SAY:—

HOWEVER alluring the prospect Professor Nash holds out of a free, competitive agriculture no longer shorn up with taxpayers' money, we cannot support his compensation proposals. Sympathy and generosity are endearing traits but we dispute the prevalent assumption that it is justifiable ever to rob Peter to pay Paul. Taxpayers owe no duty or responsibility to farmers or to any other section. There has been no compensation for those who have lost their jobs through changes in consumer demand or in tax and tariff policy, nor for those whose "gilt-edge" and other savings have been savagely reduced by bad government. What is needed is immediate reduction of farmers' costs by removing all tariff duties on everything they use (incidentally smashing manufacturers

"rings"), accompanied or followed shortly after by the taxation of land values and consequent reduction of taxes on incomes and goods. This would aid the transition from a protected, heavily subsidised agriculture to a free, unsupported one. Simultaneously, the crutches which support, and burdens which depress, industry should be removed in stages during the same short period. We would not oppose payment of national assistance in cases of genuine, undeserved hardship to *individuals* or retraining grants and loans. But compensation is out of the question.

NOT SURPRISINGLY, the National Farmers' Union president, Mr. Harold Woolley, found Professor Nash's articles "not particularly helpful". We briefly summarise his main arguments:—

The British public enjoy "better and cheaper food than practically any other country in the world." About one half is imported, virtually without restriction. The £250 million a year paid by taxpayers represents "only about 5 per cent" of the £4,800 the public pays over the counter. (True, but Prof. Nash's £300-350 million represents something like 12½-15 per cent. of the shop price of the half produced at home. — ED. L&L.)

Plentiful home supplies were an insurance against scarcity and high prices; no one could calculate what would happen if home production fell significantly. Cheap food had exercised a steadying effect on industrial wage rates and hence on manufacturing costs. Foreign currency had been saved by British agriculture. (This cannot be proved; more probably the reverse is true. ED. L&L.)

Comprehensive support and marketing arrangements in most countries which sell food to us "invalidate the argument that the withdrawal of support from British agriculture would lead to conditions of free trade" and also increase our subsidy bill. (Two questions: should we not be grateful to foreign taxpayers for keeping down our food bill, thus steadying wage demands, etc.? Is it seriously suggested that a country which abandons protection does not thereby enjoy free trade because other countries remain protectionist?)

Agriculture is protected by most countries, Mr. Woolley explained because weather and other factors cause prices to fluctuate violently and for other important reasons (*sic*) such as establishing parity between incomes in agriculture and other occupations. He scornfully doubted whether the public would invest in an unprotected agriculture.

"Excessive farm subsidies are pushing land prices sky-high; farm real estate in the U.K. has appreciated by 16 to 20 times in the past decade. These high land costs are likely to delay the liquidation of small, inefficient farm units and to keep newcomers out of agriculture."—From *Barrons* magazine (U.S.A.) August, 29, reporting comments by Dr. Willard H. Garman, chief agronomist, National Plant Food Institute, Washington D.C.