

# LAND & LIBERTY

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## CHALLENGE TO THE LAND NATIONALISERS

Attention was drawn in our previous issue to the agitation by a section of the Labour Party in favour of nationalising rented agricultural land. At the time of writing the Party's new electoral programme, *Challenge to Britain*, is still awaited but most political commentators are of the opinion that the vociferous Bevanite faction, foremost among those demanding this scheme, have been roundly trounced at the policy-making meetings of the National Executive. Whether Sir Hartley Shawcross and the other prominent members of the Party who have condemned this proposal as "wholly impracticable" and have called instead for the taxation of land values and the consequent untaxing of the work of men's hands have been any more successful remains to be seen. But whatever may be the outcome of the policy makers' deliberations—reported to have been unusually stormy and bitter occasions devoted to consideration of three separate draft programmes—the question whether to buy out the owners of rented farm land or to collect the community-created value of land in lieu of other taxation is certain to be debated within the Labour Party between now and during the annual conference to be held in October.

### Welfare Scheme for Landowners

So far-reaching a proposition as that advanced by the land nationalisation people deserves the widest and most careful scrutiny and consideration. It is not a purely domestic question to be discussed within the Labour movement. Directly or indirectly it affects every man, woman and child living in this country. We ourselves wish to be fair in our criticism of the proposals. But what do we find? The case has been advanced only in general terms from the platform and in newspaper articles and correspondence. No document has been published defining "rented agricultural land" or indicating how many acres are likely to be affected. We are in the dark as to what method would be employed for its acquisition and subsequent management. Most important of all the probable total cost of the scheme and who is to pay has been quietly ignored. These and similar questions spring to mind immediately; the people of this country are entitled to ask them and to be answered.

Pending the publication of concrete proposals for the State purchase of rented farm land we cannot

do better than follow the advice offered last year by Mr. Desmond Donnelly, Labour Member for Pembroke. During the second reading debate on the Town and Country Planning Bill, December 1, Mr. Donnelly said of land nationalisation: "Let us look at this skeleton in Labour's cupboard. Let us dust it and see whether its framework stands up, whether the joints creak, whether it is worth putting some flesh on it and some life in it, and see whether this really can bring some solution to the problem which faces us . . . . It is a possible solution *if it is administratively workable.*" The italics are ours.

### Reactionary Policy Revived

The "skeleton" is twenty-seven years old. Christened "A Labour Policy on Agriculture," the child of the General Council of the T.U.C. and of the Executive Committee of the Labour Party, it first saw the light of day during the summer of 1926. LAND & LIBERTY and the movement for the taxation of land values condemned the policy as reactionary and within the Labour Party itself were many, led by Col. Josiah Wedgwood, M.P., bitterly opposed to the whole scheme of things and for the same reasons. Nevertheless, it was adopted at the annual conference meeting at Margate in October that year.

The document was as remarkable for its timing as for its extraordinary contents, for only a few months earlier, at Liverpool, October, 1925, the annual conference of the Labour Party had adopted three radical resolutions on Land, Local Rating and National Finance. These demanded a national land valuation, a national flat rate tax on land values, and power for local authorities to rate land values. The resolutions pointed out that the taxation of land values was a means of (1) collecting the economic rent for the community; (2) deflating land values and so cheapening land; (3) promoting the most profitable use of land; and (4) facilitating the acquisition of land by public authorities.

The main proposal contained in "A Labour Policy on Agriculture"—which Messrs. George Dallas, Aneurin Bevan and others are now seeking to resurrect—was that agricultural land should be acquired by the State, but that land occupied by the owners and land in semi-urban areas with a substantial site value should be excluded. The owners

were to be compensated by being given Government securities "redeemable by a Sinking Fund, provided from the economic rent of the land." The measure of compensation was to have been based in some way upon the assessment for Income Tax Schedule A, *but what the capitalisation figure (the "number of years' purchase") was to be was not stated.* It was further proposed that the compensation of the inefficient landowner should be diminished in proportion to his failure to maintain the proper condition of his holding.

### Where the Policy Would Lead

The report acknowledged the truism that a prosperous system of agriculture can only be based on a sound land system but it failed utterly to show any appreciation of the real faults of our land system. It entirely overlooked the effects of the amount of land that is put to an inferior use, not merely in curtailing production but in increasing the rent or the price of the remainder of the land in actual use. It ignored the fact that so much land in Britain was—as it is still—in large holdings, that small holdings were few and scattered, and that co-operation between smallholders consequently was severely handicapped. The landlord was castigated for his failure "to play his part" by undertaking the supply of capital but the truth of the matter then—as now—was that landlordism, by its power to confiscate wealth as it is produced, made it hard for the tenant himself to supply the capital he required.

The principle of compensation for landowners was fully admitted. But there was to be no compensation for the landless who have been robbed for generation after generation. Landlords were to be paid out on the basis of the highly inflated prices then prevailing, due in part to the subsidies, since then enormously increased, paid to agricultural interests, while the occupiers (that is, the producers) were to continue to be burdened with those high prices in the shape of interest and sinking fund as well.

To-day, as in 1926, the proposals for land purchase do not extend to all agricultural land, let alone other land. But the land question is one and indivisible. The principles of economics and justice that apply to rented agricultural land apply equally to building sites, mines, quarries and so on. If the wholesale purchase of land is once proposed, how can it be confined to agriculture? It must extend to the inflated values of the cities and industrial areas as well. That is the sure and swift road to insolvency. It is neither just nor feasible to compensate large classes of landlords while at the same time imposing drastic taxation upon other sections of the community. Nor would the policy yield more and cheaper food. Time and again, at home and abroad, it has been conclusively shown that State interference in agriculture, as in every other field of economic activity, raises prices, reduces output and lowers quality.

**The value of this paper does not end with YOUR reading it. Your business associate, your neighbour or your fellow worker may not have seen it . . .**

### Producers and Consumers Regimented

Further than this, the Labour Party's 1926 policy for agriculture would not only have made the rating of land values in rural areas and the consequent relief of improvements impossible, vitally needed though this was for the encouragement of smallholdings and intensive cultivation, but it resorted also to a number of out-and-out protectionist measures necessary to buttress its land purchase proposals. These included the establishment of County Agricultural Committees, such as those set up during the last war and consolidated under the 1947 Agriculture Act, an Import Board to control "the purchasing, transporting and distributing in bulk of the whole import of wheat," similar measures for other cereals, and another Import Board with similar powers over the whole supply of meat. Local authorities were to control or organise the baking of bread and fix its price; the wholesale distribution of milk was to have been nationalised and the distribution of food and vegetables controlled by the State. The programme was completely authoritarian, providing for control of every phase of food production and distribution by the State and its appointed agents. Producers and consumers alike were to be regimented while those landlords who had previously leased land to tenant farmers were to be fully compensated with Land Bonds redeemable by the Sinking Fund, provided from the community-created economic rent of land, the proper source of public revenue.

### The Labour Party's 1924 Policy

That is the "skeleton" in the Labour Party's cupboard. Enough has been written to show that it is not "worth putting some flesh on it and some life in it." It should be returned to its hiding place forthwith or, better still, buried in an unmarked grave. But since some within the Labour Party are looking into the past to find a policy for the present and the future, we commend to their attention these excerpts from the Manifesto with which the Party contested the 1924 General Election:—

"The Labour Party proposes to restore to the people their lost rights in the land, including minerals, and to that end will work for re-equipping the Land Valuation Department, securing to the community the economic rent of land . . . .

"The increased revenue derived from Taxation of Land Values would make it possible to reduce the burden of income tax, abolish not only the food duties, but also the entertainments tax, and the corporation profits tax, as well as provide money for necessary social services."

### Denmark's Example and Britain's Experience

There is evidence enough in Denmark and elsewhere to demonstrate the beneficial effects of the rating and taxation of land values, and the high efficiency of the agricultural smallholdings which can be established once the monopoly grip of landlordism is loosened. And many living to-day can remember the plenty which open ports secured for this country. Singly, each of these reforms, land value taxation and free trade, just in principle, technically simple to apply though powerfully and bitterly opposed by

entrenched vested interests, have yielded handsome rewards to those who have had the courage and the vision to introduce them. Harnessed together they offer such promise of plenty for all, such hope for mankind in a starving world torn with the dissension born of economic injustice, as staggers the imagination.

### "EQUALISING" LONDON RATES

The Local Government Act, 1948, set up two entirely separate rate equalisation schemes. The main one, applying to the whole country outside London, provides for the payment of grants by the Exchequer to those local authorities whose average rateable value per head of population is below the average for the country. But within London itself, which receives no grant from the Exchequer, the duty is laid on the richer, so-called "paying" boroughs to support the poorer boroughs. A major defect of this scheme in the opinion of Mr. Henry Brooke, the Conservative Member for Hampstead—a "paying" borough—is that the richer local authorities are unable to exert any control or influence over the expenditure of the receiving boroughs. The scheme is tantamount to taxation without representation.

To draw attention to the inequity of the London scheme Mr. Brooke moved a clause during the Third Reading of the Local Government (Miscellaneous Provisions) Bill, June 12, urging that Section 10 of the 1948 Act be repealed. Hampstead ratepayers were strongly opposed to the present operation of the scheme. When, for instance, a certain Metropolitan borough council recently decided that it was in the interests of its citizens that a municipal aviary should be established the ratepayers of Hampstead were not at all enamoured of the idea that, under the equalisation scheme, they should be called upon to make a contribution to its cost.

### Hampstead and Lambeth Compared

The London scheme had a number of flaws. One was that while aid to receiving boroughs varied considerably, this year ranging from 7d. in the £ up to the enormous figure of 9s. 9d. in the £, the paying boroughs were charged a uniform additional rate of 2s. in the £, although there are some that were three, four or seven times as rich as Hampstead. Other flaws were to be found in the way that the scheme was based on resident population, the complicated system of industrial weighting of the population and the inequalities of valuation in the different boroughs. Hampstead suffered particularly in this respect because it had always endeavoured to operate the valuation law properly and had not under-assessed properties in its area.

If there were no equalisation scheme the rates in the borough of Lambeth would be 1s. 8d. higher than the rates in Hampstead but in fact, and because of the scheme, the rates in Hampstead are 1s. 6d. higher than the rates in Lambeth. Mr. Brooke commented that it was a peculiar kind of equalisation that could so reverse the position. Comparison of the borough of Wandsworth with the borough of Hampstead would reveal a similar curious anomaly. The paying boroughs recognised that some kind of equalisation scheme was needed but Mr. Brooke hoped that a new one could be worked out that would eliminate such defects

as those he had mentioned and would secure as much goodwill as possible from all quarters—goodwill at present lacking.

### The Two Kensingtons

Seconding the motion that Section 10 of the Local Government Act, 1948, be repealed, Sir Patrick Spens, the Conservative Member for Kensington South, sailed dangerously close to the rock on which all equalisation grants have foundered and will continue to be wrecked. He supposed that the borough he represented was looked upon by many people as being a rich one but in fact it consisted of two parts. Much of Kensington was extremely poor, requiring all the help that the richer part of the borough could give it yet, because Kensington was "above the line," it had to subscribe a very substantial amount each year to the poorer London boroughs. Hastily changing course just in time, Sir Patrick added that "we in Kensington" believed that there must be an equalisation of rates scheme for London but he asked for the present legislation to be revised so that in future the paying boroughs should contribute a much more fair and equitable proportion than they did at present.

Kensington is not unique in having both poor and well-to-do citizens. Wealth and poverty nestle cheek by jowl throughout London and the whole country. But this is ignored for the purposes of the "equalisation" grants. Citizens of widely varying circumstances within one district are lumped together and the average rateable value per head of population found. This figure determines whether all of the citizens within that area, residents, shopkeepers, industrialists, etc., rich and poor alike, collectively are able to pay for the municipal services they enjoy, or whether they are deserving of assistance or—in London—whether they are capable of helping to pay for the services provided by other and officially designated "poor" boroughs. One result of this extraordinarily unjust and unwieldy scheme is that indigent ratepayers in the rich boroughs—for instance, a poorly paid clerk in Hampstead struggling to support his wife and children and to repay the mortgage on his home and a small shopkeeper in a Kensington side street—pay an extra rate of 2s. in the £ on their properties which in the final analysis benefits, among others, the prosperous shopkeeper, industrialist or well-to-do resident who has premises in Lambeth or some other "poor" borough.

After receiving an assurance that the working of the London scheme was being investigated as part of the present review of the Exchequer equalisation grants, Mr. Brooke's motion was, by leave, withdrawn.

The *Municipal Journal* of June 12 in a leader commenting on a proposal by one of its contributors that the entertainments tax should be diverted from the Exchequer into the coffers of local authorities objected in principle to the system of grants-in-aid or of assigned revenues because it takes the raising and spending of money out of the control of the Councils and interest in local government wanes. "It would be better to stick to the well-known and tried principle of rating which is not being exploited to the full while industrialists, farmers and landowners are not fully rated. To collect a fair share from these groups of the population, there would have to be a rate on site values and an abolition of derating. *Municipal Journal* readers need no reminder of our advocacy of these causes."