

Lord Newport Explains to Indigent Landowners . . .

How Price Support Raises Farm Rents

Sentimental landowners were mildly rebuked by Lord Newport, the President, when he addressed the annual general Meeting of the Country Landowners Association, held in London at the end of October.

Lord Newport said that the economic position of landowners had steadily deteriorated, and he cited as evidence the "melancholy parade of broken-up estates and demolished country houses." Estates which had been in the same family for 500 years were appearing in the market for the first time, in order to meet death duties. The old order was passing rapidly, and nothing had been put in its place. Nationalisation of the land, whether wholesale or piecemeal, could not be the answer, if only because English agriculture had always been so personal and human a business.

Landowners' financial difficulties were caused by rising costs and the incidence and weight of taxation on both capital and income. This would not have been so serious had income risen proportionately, but it had not. Rents had risen only very slowly, not as a result of the operation of supply and demand, but because of an artificially induced rigidity. This rigidity was the result partly of an excessive degree of security of tenure for all farmers, good or bad, and partly of the way in which the present system of rent revision by arbitration had operated to the serious disadvantage of the landowner.

The Country Landowners Association had been making a special effort to persuade members of the need to take a business-like attitude towards rents. "We can no longer afford to be sentimental about this; our reserves are not unlimited." There was no reason why such an attitude should upset the traditional friendly relationship between landlord and tenant. Indeed, it was more likely to retain the respect of the tenant, who knew how the landlord's costs had risen. "Ten to one he will be ready—albeit grudgingly—to agree to a fair increase in rent." But there was the "difficult" farmer who would not. Then landowners had to decide whether to go to arbitration and risk a disappointing award. Cases published recently in the Association's *Journal* showed that the average rent per acre that is being obtained on new lettings of farms—whether by agreement or tender—is higher than that obtained in cases that go to arbitration. Nevertheless, landlords would never get farm rents up to a "reasonable level" as long as they hesitated to go to arbitration.

A most interesting passage in Lord Newport's address endorsed our repeated contention that guaranteed prices enrich those who appropriate the community's rightful source of revenue—the rent of land. (The same is true also of subsidies, production grants, the rate exemption of farm land, and other doles for "farmers.") To avoid possible misunderstanding we emphasise once again that these beneficiaries include tenants paying less than the full market rent for their holdings, as well as the landowners.

Lord Newport said that it was difficult for many C.L.A. members who were owner-occupiers with no land to let, to see how any campaign for higher rents affected them. He explained:—

"It does so in this way. The figure of rent taken into consideration at the Price Review is fixed on existing average rents which are so low that after allowing for repairs and other necessary expenses, the dividend on ownership is less than 1 per cent. Price support is in-

tended to give to farmers a reasonable living after taking into account their costs of production and other outgoings. If their costs are low, price support tends to be low, and vice versa. If rents are revised so as to give a better 'dividend' on ownership, costs go up and are (or should be) reflected in the price support. The owner-occupier has no rent to pay, but gets better prices. Many owner-occupiers have bought their farms on borrowed money for which they may be paying 6 per cent; a better 'dividend' on ownership would help them to meet this high interest charge."

Authoritative and unequivocal, Lord Newport's declaration is of considerable value. Expressed tersely: the taxpayers' loss (of millions of pounds annually) is the landed interests' gain. While landowners and tenants argue over the division of the spoils between them, we call for the public collection of the public's revenue by means of an annual tax on the value of all land apart from buildings and improvements.

Tenants should pay the full market rent, periodically revisable, for the use of the land and of the capital improvements on and in the land provided by the landlord. Landowners for their part should pay annually into the national exchequer and to the local authority a sum not exceeding the annual rent the land they own would command in the free market if it were covered only with natural growth and was offered with vacant possession on a perpetually renewable lease. That would be fair to all parties—to the community, to the tenant, and no less to the landowners who then would receive the full market return on their invested capital which many of them do not get at present. Farming, too, would benefit because the land would no longer be starved of capital as it is said to be at present. And destructive death duties would evaporate as the morning mists, if taxation was levied in the way we advocate.

Woman Claims Town

Our Melbourne contemporary, *Progress*, November issue, reports that a woman has just laid claim to the thriving New South Wales town of Millthorpe and 9,000 acres of land. The township has four schools, five churches, and shops, farms and scores of houses. She claims that it was originally a perpetual Crown grant to Sir Charles Wentworth and James Mason from Queen Victoria for pioneering explorations in New South Wales. It was apparently leased 99 years ago.

The total value of the land and township is conservatively estimated at £10 million. It appears that the claim will be the subject of litigation. Mrs. Whiteman has been reported in the daily press as proposing to take over all property on November 24, and as having said of the occupiers of homes, "some of them are nice people and they can stay on and pay rent for their places."

Malaya's Landlords and Communists

Almost the whole of Malaya's national economy can be aptly described as a régime of absentee landlordism on the widest scale—and nothing in the world is a greater incentive to Communism, or to its immediate revival in any place where it may have been suppressed by external force.—From an article by ROY SHERWOOD in *Peace News*.