

LAND PRICES AND THE CONTRAST

MORE INSTANCES of the prices of land required for housing and other purposes have been reported at question time in the House of Commons.

Wembley. The Borough Council could not come to terms with All Souls College, Oxford, the owners of 19 acres adjoining Mardale Drive, Kingsbury. They had to resort to compulsory purchase powers. On February 14, the Minister of Health, Mr. Aneurin Bevan, told Mr. C. R. Hobson that the compulsory powers had been confirmed on November 5 last, but that the purchase price was not yet settled. The land, he said, had no rateable value. But that it has a market value is obvious—the market value which bad law exempts from taxation endowing and protecting those who privately appropriate that which rightfully belongs to all, namely, the rent of land.

Northwich. A near-by instance is that of the 192 acres including the Northwich Park golf course. Mr. Bevan informed Mr. Hobson on February 14 that the Middlesex County Council, wanting this land for an open space, had to pay £188,500, which is at the rate of £976 per acre. The only rateable value was that of the golf course. The remainder was agricultural land and as such had no rateable value. The equivalent annual value (say, at 4 per cent.), of the purchase price is £7,540. But all that the local authorities could assess was the £540 of the golf course. This is the anomalous and unjust contrast which our present rating system presents.

Newport, Mon. The Town Council has been seeking to acquire 174 acres at Liswerry for industrial purposes which the owners offer to sell at £26,900, equivalent to £166 per acre. When the matter was discussed by the Council, *South Wales Argus*, September 12, 1945, Councillor Dolman, the Chairman of the Improvements Committee, said it had been found that prices asked for land had been highly excessive and persons concerned had turned down offers; the high cost of land was one of the reasons why industrialists had not come to Newport. On February 18, in the House of Commons, Mr. Bevan informed Mr. P. Freeman that the Liswerry land was agricultural land and it had no rateable value. The Council had not yet applied for compulsory powers. But how quickly, we can imagine, the owners would make any such procedure unnecessary if they were called upon to pay rates willy-nilly on the real value of the land—that is, if the rating of land values were in force!

Leeds. The *Yorkshire Post* of September 27, 1944, reported that the Improvements Committee had recommended the City Council to purchase land on the Golden Park estate to reserve for "green belt" development. Asked the question on February 18, Mr. Bevan informed Mr. T. W. Stamford that the area in question was 146 acres, that its rateable value was negligible and that the Council had "resolved to pay" £18,500 for these 146 acres. As things are, they have no alternative and now the Council have to find—for the benefit of the of the landowner so privileged—that £18,500 by taxing the homes and premises of the citizens. This is the scandal of all these land purchases by which the people have to sacrifice to monopoly from their work and their wages, and a heavy responsibility rests on any Government which perpetuates it.

Morley, Yorks. The *Morley Advertiser* of July 6, 1945, reported the decision of the Town Council to pay Lord Dartmouth £4,662 for building land in Albert Road. On February 22, question was put by Mr. Stamford as to the area, the previous use and the rateable value of this land. Mr. Bevan replied that the area was just over 21½ acres (making the price per acre £216), that one-third had been

used for growing rhubarb and two-thirds as a general market garden and that the whole of it was previously unrated. That is to say, treated as "agricultural land," it was exempt from all local rates under provisions of the notorious "Derating Act" of 1929, and so the term "derated" has to be interpreted whenever mentioned in these instances. That Act, for which Mr. Neville Chamberlain and Mr. Churchill were responsible, carried to the limit the process begun with the Agricultural Rates Act of 1896, making the rate-exempt land all the dearer to buy or rent. And it may be recalled that when the Derating Act was passed, indirect taxation, mainly through the petrol tax, was thrown on trade and industry and the consumer to the tune of no less than £35,000,000 a year. We have to go back to the abolition of the military tenures and their replacement by customs and excise to find an equally sinister fiscal operation financing the land monopoly by the surrender of public funds.

Hawick. On March 5, Mr. McGovern asked about the gound at Sillerbithall owned by the Royal Bank of Scotland for which the price demanded was £625 per acre. The area is about 25½ acres, which would make total price about £15,940. The matter had been hanging fire for some time, as we gather from the report in the *Scotsman* of April 21, 1945, and the question of securing entry by statutory powers had been considered. But now, as Mr. Buchanan for the Secretary of State for Scotland explained in reply to Mr. McGovern, the district valuer expects to bring negotiations for purchase "to a satisfactory conclusion at an early date." The land, it was stated, was part of an estate of about 38 acres which had an annual rateable value of £107. Looking at the relationship of these figures, the annual value (at 4 per cent.), of the demanded price is £637, whereas the rateable value of 25½ acres as proportion of the total area is £70. Again the contrast condemning the present rating system.

Malton, Yorks. Discussion took place at the Rural Council (*Yorkshire Evening Press*, February 16) with regard to housing in the area. Difficulties had arisen at Broughton in acquiring a site, the owner having flatly refused to sell. In the hope of effecting a last-minute settlement the clerk had approached the owner's solicitors, who asked a price of £1,350 for the 3½ acres. This was considered a ridiculous figure and the Council resolved to obtain a compulsory purchase order. The Council will as a result be obliged to pay whatever the official arbitrator "awards" to the owner. It may be less than what the owner demanded, but it will still be ridiculous by comparison with the value at which the land is assessed, if it is assessed at all. When the houses are built and occupied, the burden of rates will fall on them and the occupants. Meanwhile, with the speculative value of the land thus bolstered, the State pours out more and more subsidies to help the local authorities out of their difficulties and so that they can lower the rents of houses down to the level that the new tenants can afford to pay. None stops to consider at whose cost the subsidies are provided. Truly, it is a mad-hatter's scheme of things.

Jarrow. The price of land required for industrial purposes, five acres offered at £1,210 per acre, was regarded by the Town Council as in the nature of profiteering. This was stated at the Ministry of Health inquiry, reported in the *Newcastle Evening Chronicle* of October 10, 1945, when powers of compulsory purchase were being sought. On March 5, in the House of Commons, Mr. W. Roberts asked the result of the public inquiry and was told by Mr. Silkin that the compulsory order had been confirmed but the purchase price had not yet been fixed. The land was agricultural and therefore derated. It has no value at all for local

taxation purposes, but for these five acres the owners demanded £6,050. The matter is put in quite a wrong light when people, thus speak of "profiteering." We should be done with these witch words. Every price for land represents wealth transferred to the owner without the recipient having done anything to produce it. The question rests with Jarrow and all other municipalities, how long they mean to tolerate this exemption of valuable land from taxation and what action they are taking to have the law altered whereby taxation and rates shall be levied on land values and taken off buildings and improvements? Given that change, land withholding would be profitless, courts to compel sales superfluous, a vast and expensive administrative machine dispensed with, gifts of public funds to landowners at an end; on the other hand, production liberated, encouraged and rewarded. Surely a natural way toward the solution of the social and economic problems men talk of so anxiously to-day.

Swansea. Last month we reported the agitation among householders in Swansea whose rating assessments have been raised because they have put up poultry sheds, greenhouses, garages, or other structures. It is certainly and unfortunately the law that whoever improves his property is liable to be mulcted in a higher assessment and increased taxation. But how startled these ratepayers are when the law thus hits

them in the face. The correspondence columns of the *South Wales Evening Post* have contained protest after protest. One writes: "I shall most certainly dismantle my greenhouse if the Corporation insist on levying this rate." Another: "I have retired and had hoped to spend a number of pleasant hours in my small greenhouse which was built to help the nation's need in foodstuffs. However, I shall certainly dismantle mine with many regrets if I am to be rated for what is a pleasant and helpful hobby." Another: "I have just returned from the M.E.F. after being away from home for 6½ years and feel disgusted to think we may have to pay extra for this little bit of pleasure and interest afforded by this small addition to a garden." Again: "It appears to be high time that a really live organisation was formed to give the local ratepayers some measure of protection against the autocrats who are running, or I should say ruining, this town." But missing in these letters is any understanding of the law and its inevitable operation. It bids the town to assess and rate every improvement, and in the circumstances the protesters have no case. Their argument is, of course, right, but it proves more than they think—the injustice of taxing any buildings or improvements and the injurious economic effects of doing so. The much-wanted live organisation is one that will get busy demanding the rating and taxation of land values.

"WATER INTO GOLD"

THE PLANTING and growth of cities in America, as described by Henry George in *Progress and Poverty* in 1879, was reproduced soon after in the Murray Valley, Australia. In the 1880s the lands along the slow, shallow Murray River in Victoria and South Australia could be had for a song; half a crown a square mile one writer said. The low rainfall, 10 inches annual average, was the drawback, making even sheep-rearing next to impossible. In 1883, however, George Chaffey was induced to leave California and his wonder-working irrigation schemes there, and visit the Murray regions. He saw that the conditions were ideal for fruit cultivation, with sunshine and water in abundance. George Chaffey as engineer, and his brother, William B., as horticulturist, began the work which has led to such striking results all along the 1,600 miles of the Murray, with its tributaries the Murrumbidgee and the Darling. The story has been graphically told in Mrs. Ernestine Hill's book, *Water into Gold* (Robertson & Mullens, Melbourne, 1943).

The Chaffey family expected to acquire the land on terms familiar to them in America, but, says Mrs. Hill (p. 68), "no grant of land was forthcoming. . . . In his task of conjuring up one of his cities in the sand, this Hercules was to find himself bound hand and foot. Negotiations seemed interminable." They were at last given a concession of 50,000 acres at £1 per acre, with an option on a further 200,000 acres, on condition that they spent £300,000 in twenty years on pumping machinery and other irrigation works. This concession was made by the State of Victoria, and a similar one was obtained from South Australia for lands on their side of the river Murray. Having secured their right, the Chaffey family set out to select the best location for their schemes. An official report of 1888 states: "When the Messrs. Chaffey obtained possession of the land at Mildura, set apart as an irrigation colony, a matter demanding their earliest attention was the selection of a site for a township, in such a position that it would be conveniently situated for traffic, readily accessible to the public, and adjacent to the lands to be first surveyed by agricultural settlers." Here we have the population factor determining the value of land long before the population was there. The site selected was where Mildura stands

to-day; and the South Australian site is now Renmark, the sister city.

The Chaffey family erected their pumps and advertised their land. They were soon disposing of town lots of one-eighth of an acre at £20 each, villa allotments of 2½ acres at £100 a lot, and land for cultivation at from £15 to £20 per acre in 10-acre lots. The success of the engineering efforts to supply water as and where wanted, was immediate and lasting. It was soon found that fruits of all kinds, and especially citrus and vines, could be cultivated to great advantage. The cliché was never more true, that the desert blossomed like the rose.

Inevitably there was land speculation, and periodic slumps and booms. Mrs. Hill speaks of "Mildura fever" breaking out—"land-hunger for those magical acres that three years before had been an *Ultima Thule* of dead hopes and dying sheep. It sent prices soaring to £40 an acre for fruit land and £50 for town blocks. One ten-acre orchard selection that a year before had been sold for £100 in ten years changed hands for £450. Soon the owners refused to sell at £60 an acre."

We are reminded that in those years the Australian States had rigid regulations and formidable tariff duties, one against the other. New South Wales and South Australia refused to allow vine-fruit to cross the borders. New South Wales imposed a duty of 2d. a lb. on dried fruits, so Victoria was the only market. Then in 1893 came the great Australian trade crash involving all in ruin. All save three of Victoria's banks closed their doors. Mrs. Hill says: "It was the natural reaction of the land boom. The Mildura settlers were ruined; the Chaffey Brothers included. Land values sank. "Twenty planted acres changed hands for £2 10s.—in later years the value rose to £240 an acre."

A remnant of settlers carried on cultivation. The railway came to Mildura. State works followed on the Chaffey schemes, and many weirs were constructed, leading up to the time when the great Hume Reservoir was opened just before the war, which completes the harnessing and control of the Murray River all along its 1,600 miles to the sea. The citrus industry grew steadily. Soldiers' settlements were established after the 1914-18 war, notably that at Red Cliffs. Land