

# LORD SNOWDEN ON LAND VALUES

Address at the Criterion Restaurant, London, 14th November

Under the auspices of the Women's National Liberal Federation, the first of a series of three "Lunches on Land Policy" took place on 14th November at the Criterion Restaurant, Piccadilly, London, with Viscount Snowden as the guest. Sir Archibald Sinclair presided over a company of about 300, and in welcoming Viscount Snowden expressed gratitude to the Women's National Liberal Federation for having given them the opportunity of doing honour to one of the greatest of our contemporary statesmen, who was known as strong, fearless, principled and outspoken.

VISCOUNT SNOWDEN, who had a rousing reception, said:—

"When I received the invitation to attend this function I gladly accepted it. I did so because it came from a very important and active body of political women, and because I was asked to speak on a subject which I regard as of fundamental importance. This gathering, I may say, is something of a surprise to me because it is definite evidence that there are still some Liberals left; and there never was a time when it is so necessary to inculcate liberal principles as it is to-day.

"The subject upon which I have been asked to address you is at the root of every social and economic question. We have innumerable organizations which are engaged in advocating specific social reforms—all most admirable. But they will all fail until the land question has first been settled. There is no economic or social question which is not at the bottom a land question. Land is essentially different from every other material property. It is from the land that all human needs are supplied, and if that original source is monopolized, if there are a few individuals who can control that supply, then they hold the destinies of the community in their hands.

"There are a number of considerations which have to be borne in mind in approaching this problem. The value of land depends in the first instance upon the pressure of population. Every increase of population, indeed every child born into the world, is an asset to the landowner; every increase in the wealth of the community gives the landowner the opportunity to exact a larger tribute for the opportunity to use the land. Every increase of site value accrues to the landlord without any effort, any activity or any contribution on his part. With the developing of motor transport, land values were never increasing so rapidly as they are to-day; as a matter of fact land values have doubled in a generation.

"The community has spent large sums in recent years on the building and improvement of roads, and the first and greatest effect of this has been to increase the landowners' opportunity to exploit these improvements. Since the war the State and the local authorities have spent upon the roads, for the improvement and maintenance and making new roads, something like £500,000,000 of money. That has found expression in the increase of land values everywhere.

"Then, again, the people are always aspiring to a higher standard of life and this necessitates an increase of municipal enterprise—the provision of schools, libraries, hospitals, etc. The landlord gives no contribution but exacts his tribute. This direct levy by landlordism upon every permanent improvement is not only a perpetual charge upon the community but has to be accompanied by an increase of rates in order to meet that charge.

"Land which until recently had a low site value, and agricultural land which is entirely exempt from rates, suddenly through this development becomes of immense value. Not only that, but we find these land monopolists using their power to keep back land until it is fully ripe, instances of which are taking place in every district around our towns, both large and small.

"Motor transport has practically eliminated the distinction between urban and rural land. In the north of London, through the extension of the Underground Railway system, there is an example that may be familiar to you of land that had been worth no more than £100 an acre. The population required to spread out for living

accommodation and fresh air, and the fortunate owner of this land obtained £1,000 an acre for it. And this is by no means an exceptional case.

"An authority which ought to be accepted in a question of this sort, and which is not regarded in any way as revolutionary, is the *Financial Times*, which in June last had a two-page article describing what was headed as the 'Notable Expansion in Land Development' during the previous eighteen months. 'A necessary corollary,' it says, 'of the increasing work of the building societies is the supply of land on which to build houses, and in this respect the present year is already witnessing sales of many large areas around London and the principal towns. . . . Modern transport has been the means of opening up many new districts, and the invasion of the builder into the once peaceful rural atmosphere is apparent everywhere. Some of the areas which have changed hands were once country estates.

"This paper then gives a long list of the prices at which these recently developed sites (developed in the sense of the increment put upon them) have been sold. The writer mentions my own district where I live, in Surrey, where agricultural land has now changed hands at £2,000 an acre. I could go further and give you other instances from this long record of similar transactions. When land is necessary for any purpose the community is bled white by the land system.

"I am not blaming the landowners: they are simply taking advantage of their legal opportunities. The people who are to blame are those who are content to tolerate such an iniquitous system.

"Take, again, the instances of the way in which the local authorities have to pay 'through the nose' for land required for public purposes. Leeds purchased recently 25 acres of land required for schools, and this land previously had a rateable value of £20. The capital value based on that annual value would be £400, but the City of Leeds was called upon to pay just under £17,000, which represented 840 years' purchase of the rateable value of the land.

"Glasgow had a similar experience. They wanted a housing site for which they had to pay £3,125, although the land at the time of the negotiations was rated at only £1. The price paid represented more than 3,000 years' purchase of the annual value of the site.

"Necessary public improvements are held back because of the extortionate prices demanded by the landowners, or until public necessity compels the local authority to pay the price that is demanded. The effect on the housing question is obvious; it is reproducing all the evils of the slums.

"There was a letter in the Press last Saturday from a number of influential men who are interested in the preservation of rural England from what is known as ribbon development. The roads had been built at a cost to the State and the local authorities of £35,000 a mile. This expenditure had enormously enhanced the site value of the road frontages. It draws attention particularly to one tragic result of people being thus forced to live along the lines of ribbon development. Three out of every four accidents occur on ribbon built roads. This tragic fact shows the tribute that has to be paid to the Moloch of landlordism. You have these new ribbon sites and behind them are scores of acres of vacant land. I was motoring in a part of rural England this summer and noted this. There were the frontages to the roads and behind them were vast areas of valuable open land. And I noticed this—that between the houses the space was so small that you could only pass along by walking sideways. That is perfectly monstrous and the cause is that the land behind these buildings is being held back until the owners of the land get the highest possible price. This is what prevents houses being erected in the places where they ought to be.

"We are, as I say, by this system reproducing all the evils of the slums. Slums are a product of landlordism. They are caused by the high price the builder has to pay for the site upon which the houses stand. There can be

no real remedial measures for dealing with the slums until this land question has been solved. We are told the Government is dealing with the slums. We are told in cautious language that it will be a year or two before the slums problem is solved. Well, at the rate at which it is being dealt with now this generation will not see the disappearance of the slums.

"Then there is the difficulty of housing the people who are dispossessed by slum clearances. The Corporation of Manchester were seeking powers for carrying out a rather extensive slum clearance, and it was given in evidence a few months ago that the cost of the acquired site would be over £40,000 an acre. Now how are you going to rehouse poor people upon a site which has cost £40,000 an acre? It is entirely impossible. The rents you have to charge are far beyond the working man's means. They have to make many sacrifices and undesirable economies in many directions in order to pay the rents and the rates that are now charged.

"Well, now, you may say, 'That's all very well. It is very easy to point to the evils of landlordism, how are you going to deal with them?' Well, I made a small effort in my Budget when I was in office. The main purpose in that measure, however, was not at that time to impose a tax upon site values, but to take the first and necessary step, i.e., the valuation of the sites of the country. We cannot have a national tax on land value or give effect to the principle until we know what is the value of the sites of the country. It was my intention to get this valuation and to impose as a beginning a small national tax upon land values.

"Behind that the object was to deal with the iniquitous rating system. The present system, as you know, charges rates upon improvements. It leads to cheapness in building and to quite inadequate accommodation; and leads most inevitably to overcrowding. A man may have some regard to the health and decency of his family, and has the audacity to add a bedroom to his house. The rate collector comes along and puts a heavy fine or tax upon that additional accommodation. That is a direct detriment to the healthy conditions of housing. It is the same with business premises. A business man hesitates to extend his business because he knows if he does so his rates will be very heavily increased.

"What do we propose? We propose that rates should be shifted altogether from improvements and that they should be levied upon site value. The effect of a change like that is perfectly obvious. You will encourage building and a higher type of building. If agricultural land and vacant sites in urban centres were rated on their real site value, land which is being held back as it is at present would be forced into the market, and the effect would be that land would be cheaper, a stimulus would be given to building and encouragement would be given to put into the building itself what had been saved by the rates upon the improvements which it had hitherto paid.

"I will just give you the instance of a worker's cottage recently erected in my own neighbourhood. The total cost including £25 for the land was £500. The cottage is assessed at £25 annual value and the rates at 10s. in the £ are £12 10s. a year—practically 5s. a week. That has to be added, of course, to the rent of the building, which means an inclusive payment of anything up to 15s. a week. That is obviously far beyond the means of a working man. He is compelled to pay it because he has no alternative and he can only do it by starving his family. If the rates were assessed at 6d. in the £ of the capital land value they would be reduced from £12 10s. to 12s. 6d.

"You may say, Would there be sufficient revenue obtainable by the limiting of rating to the capital site value? As to that, we have no information at all about the total capital value of the sites of the country. But the instances I have given show what a vast source of revenue can be obtained by taxing site values and unoccupied land on its real capital value.

"Take the case of Leeds which I mentioned—the site of the school. The Corporation were getting no more than £10 in rates. But if the rates had been levied upon the site value corresponding to the price paid by the Corporation, instead of that particular plot paying £10 a year in rates before it was acquired it would have been paying £450 a year.

"According to the *Financial Times*, land for housing purposes which formerly paid no rates is being sold at £2,000 an acre. But if the rates had been levied on site value they would have been £50 a year on each acre of that value.

"We have also the experience of other countries. In most of our Dominions the rating of site values has been applied. Sydney is a well-known example, where, with the exception of a special water rate and drainage rate, all the local rates are levied solely by a tax on land values. Brisbane derives all its local expenditure from land values, and Wellington in New Zealand adopts the same practice.

"This question has become vital in its relation to unemployment. We are told that the Government intend to go on and on and on until they have solved the unemployment problem by getting people back to the land. What can be the first effect of bringing people back to the land? The first effect will be an enormous endowment of the landed interests. Land may not be paying any rates at all, but when it is required by the community the extortionate prices I have mentioned are demanded.

"When I was in office I had considerable experience in dealing with schemes for providing work for the unemployed—building schemes, road-making and the like. In these schemes the State provided 60 per cent of the cost, and the remainder was provided by the local authorities. In a number of instances this was the result—that the wages paid to the workmen employed in these schemes for a period of a year, let us say, was £150 per man, but the tribute that was paid to the landowners for permission to carry out these schemes worked out on the same basis at £81 per man. How are you going to deal with the unemployment problem by putting people back on the land when first of all this enormous tribute has to be paid?

"I have said over and over again practically all the agricultural land now paying no rates, within 40 or 50 miles from a town, is subject to speculation by the landlords. Again, most of the quotas, and the wheat subsidy which is being paid to the wheat grower out of the price paid by the consumer for bread, tend to increase the market value of the land.

"Summing up the advantages which would accrue from the change in our rating system which would transfer the levying of rates from improvements to site values: it would reduce the cost of housing accommodation and it will enable the builder to offer better accommodation for the same rent he is asking at the present time. It would reduce the overhead charges of all business, and remember overhead charges enter into the price of all the articles a business man deals with. If rates were collected on the unearned socially created land values, then nobody could make any objection to paying rates. There would be no lack of public improvements because every improvement would pay for itself in increases in the social site values it would create. It is a just, reasonable and practicable proposition, and is only waiting for an enlightened public opinion and for a Government which will have the courage to face up to the vested interests and restore to the people their rightful inheritance in the land."

The address was greeted with prolonged applause. The Chairman, concluding the proceedings, expressed their delight at seeing Lord Snowden in full and robust health, delivering a speech so stimulating and giving such a powerful exposition of the policy of the taxation and rating of land values, to which he would say the Liberal Party had been and still remained devoted.

## LAND TOO COSTLY

### Playing Fields cannot be Established

The hopes of the children of Openshaw, Manchester, for an additional recreation ground have been dashed owing to the prohibitive cost of £800 an acre for land in Fairfield Road. The Manchester Parks Committee, according to the *Manchester Evening Chronicle* (5th November), have decided to take no action.

The Corporation will not extend Gorton Park on Belle Vue Street side because £2,000 an acre is asked.