

LAND & LIBERTY

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ON WHAT TO UNITE?

THE DIFFERENCES of opinion which have arisen between Sir Stafford Cripps and the Labour Party, leading to his expulsion from that Party, do not directly concern us, but there are matters of general interest discussed in the Memorandum which he submitted to the National Executive of the Labour Party which deserve consideration. It is naturally common ground between the Opposition parties that they should desire to see the National Government removed from office. The steady deterioration in international relations and the worsening of internal economic conditions during its tenure of office are overwhelming reasons why it should not be given a further lease of life. The only means by which that object can be achieved are that a sufficient number of votes should be cast against the Government at the next general election to ensure that it no longer commands a majority of seats in the House of Commons.

The defeat of the Government, although in itself desirable, achieves little unless a Government can be formed which has the will and the power to carry out better policies. In 1924 and in 1929 we saw the Labour Party assume office with a minority of seats in the House of Commons, only to be driven from office in a short time by a combination of other parties against it, aided in the second instance by the defection of some of its own leaders.

Sir Stafford Cripps hopes to avoid this result, and at the same time to secure an anti-National Government majority, by agreement in advance upon a policy upon which it is suggested that combined action could be taken. The first step is to secure the withdrawal of candidates in constituencies where there would in the normal way be both Labour and Liberal candidates so that there may be only one anti-Government candidate and so that the parties may pool their efforts to secure the election of that candidate. The difficulties of securing this where parties have strongly held views on policy is self-evident, and it may be noted in passing that neither Sir Stafford Cripps nor his critics seem to have asked themselves the question whether a similar result might be attained without sacrifice of Party organization and Party loyalties by some form of proportional representation.

The more important question, however, is the nature of the programme on which Sir Stafford Cripps asks the parties to make arrangements in the constituencies and to combine in carrying out if the National Government should be defeated. It includes:—

(a) Higher wages, shorter hours, and holidays with pay;

- (b) Higher standards of nutrition;
- (c) Higher payments to the unemployed;
- (d) Larger pensions and at an earlier age for the aged;
- (e) More expenditure on education;
- (f) Tackling unemployment, especially in the distressed areas by means of national planning, investment of new capital in industry, and public works;
- (g) Planned assistance to agricultural development with fair wages to agricultural labourers, a just return to the farmer, and equitable prices to the consumer;
- (h) National control of transport, mining and allied industries, with fair wages for the workers;
- (i) Control of the Bank of England;
- (j) Increase of direct taxation.

In reading this the question arises insistently at every item; how are these things to be done; what economic principle are they based upon; what is the economic means by which they are to be put into effect? These are the questions which demand an answer, but the only answer which Sir Stafford Cripps gives is: "Control over the financial resources of the nation through control of the Bank of England and the increase of direct taxation if necessary in order to enable the above programme to be carried through."

The constant repetition of fine sounding phrases such as "fair wages," "just return," "equitable prices," "national control," "national planning," "financial resources," mesmerises the listener, and dispenses with the necessity for thought as effectively as the witch-doctor's incantation impresses the savage. But can Sir Stafford Cripps, and many others outside his camp who think as he does, give any rational definition of these terms?

The State can certainly make it illegal for employers to pay to their workpeople less than a certain wage or to employ them for more than a certain number of hours a week, and it must do both to make either effective. But it cannot compel the employer to go on employing the same number of workpeople, if the result of the change is to make it no longer profitable for him to employ them. Production will be curtailed until the price rises to a profitable level.

The State can make it illegal for more than a certain price to be charged for a certain article, but it cannot compel people to go on producing that article if the production of it results in a loss.

Thus, if the State pursues both of these policies at once an economic deadlock arises. If it pursues one of them, it curtails production in the industry where such control is exercised. Labour and capital are diverted to other industries whose products are less needed than those of the industry which is restricted. On the whole there is an economic loss, and the higher wages or shorter hours of those who remain in that industry are really paid for by reduced earnings in other industries. The same result happens as under Protectionism; the smaller and less politically influential industries are shoved to the wall.

But, it may be said, planning will alter all that. It will eliminate waste, and everyone will be better off. But who is to do the planning? If it is those engaged in the industry, will they plan it any more efficiently

for the Government than they do for themselves? If not, are amateurs who are unfamiliar with the industry to become such masters of its technique that within a single Parliament they will manage it better than those who have had long experience in it?

Or let us take "control over the financial resources of the nation." Are they money? If so, the Government can certainly increase the quantity of money in circulation, but it cannot at the same time dictate what the value of that money shall be. The circumstances of the market, which are more powerful than any government, will determine that. If they are not money, what are they, and how is the State to control them?

In fact this whole programme is based upon the most complete ignoring of the existence of economic laws which are as imperative in social life, as physical laws are in the realm of nature.

All that remains of it is that the State shall spend more money upon unemployment benefits, old age pensions, education and similar objects. Where are the resources for this to come from? From an "increase of direct taxation." But what kind of direct taxation? Are workers to pay more income tax and other "direct" taxes?

There is not a word in this programme in condemnation of the enormous growth during recent years of tariffs and subsidies and quotas and restrictions which curtail production and raise prices, and no suggestion that there will be any alleviation of these burdens. On the contrary, "planned assistance" for agriculture savours of more subsidies rather than less.

This omission is all the more significant, when Sir Stafford Cripps lays such emphasis upon a "positive policy of peace," and when it is abundantly evident that tariffs, quotas, and restrictions have been one of the prime causes of international discord.

Still more remarkable is the fact that there is not a word about the land question, except in a reference to agriculture which is much the smallest part of the problem. There is no suggestion that the communally created value of land should be taken for public revenue, no proposal that the rates which fall so heavily upon houses and other premises might be reduced by a rate on site values, no mention of the land blockade which is holding out of use land required for all kinds of productive purposes. Surely a programme of immediate action, upon which men of good will are expected to unite, should pay some regard to this, the most fundamental of all social questions.

The London County Council and the Rating of Site Values

New Pamphlet

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AUCTIONEERS' OBJECTIONS

A MEMORANDUM ON the London Rating (Site Values) Bill has been issued by the Auctioneers and Estate Agents Institute and circulated to members of Parliament and others. It says that the main principles of rating have remained substantially unchanged since 1601, "namely that the occupier shall contribute to local expenditure in accordance with his means." Certainly the burden is laid entirely upon the occupier, but not according to his means, rather according to the rent he pays which may be evidence of the means of the owner though not of the occupier.

It is said that the Bill would "shift part of the burden of rates from the occupier to some person who may not even be an inhabitant of the district in respect of which the local expenditure is incurred, and who does not derive any direct benefit therefrom." But even at present the occupier of business and other premises need not be an inhabitant of the district which collects rates from him. There is nothing new in that. On the other hand, the owner of site value does and always must benefit from local services without which his site would have no value. The rating of site values does require contribution for benefits received, whereas the existing system has no relationship either to benefits received or to ability to pay.

Another objection is that "anomalies will arise in cases where the site value exceeds the rateable value, and this is likely to occur especially in the City of London, where large blocks of properties are let out to a number of tenants." If there are such cases, then one of two things must be true. Either the present valuation for rating which is supposed to be based on the annual value of the property, site as well as buildings, is too low, and that has no bearing upon the rating of site values but points to faults in administering the present system. Or else the site is so badly developed that it does not earn the annual site value let alone any return on the buildings, and if that is so it is surely imperative that the owner should redevelop it in an adequate manner. In connection with this it may be noted that the Memorandum says that "the fact that there are an appreciable number of properties which are almost unlettable should also be taken into account, as a site value rate in cases such as these would be unfair." Clearly if this is so, there is a case of a valuable site being wasted by bad development, and the remedy is to develop it properly.

The only other point deserving attention is the statement that insurance companies and friendly societies will be injured because ground rents in which they have invested would be liable to the rate. An examination of actual cases would show that the proportion of the assets of such bodies so invested is small, and that only a fraction of the ground rents they hold is in London. We certainly do not assent to the view that these institutions are so improvidently managed that the rating of site values will imperil their financial position, and the directors of them will hardly be grateful for this left-handed compliment.

The Memorandum concludes with the usual epithets which form a substitute for argument—that the proposal is "revolutionary," "quite impracticable," and "unremunerative."

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