

LAND VALUES

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"OUR POLICY"

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—
Henry George.

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RECONSTRUCTION AND THE LAND

The first report of the Committee on Acquisition and Valuation of Land for Public Purposes has now been issued by the Ministry of Reconstruction, and the general tenour of the document may be inferred from the extracts which appear on another page. This report deals with the acquisition of land under compulsory powers—the question of valuation being left for a second report—and proposals are made in it for simplifying the procedure and reducing the cost of acquisition of land by local authorities, Government departments, and public companies. The enormous legal costs involved in such proceedings are well-known, and the Committee give a number of typical cases in which the costs have amounted to more than the value of the land in dispute.

Any effectual proposal for remedying such a condition of affairs and the virtual power of blackmail that it confers on the landlords will of course command ready support from the public, and especially the local authorities, who are the greatest sufferers. But those who are interested in housing, allotments, smallholdings, and all the other questions which converge on the problem of acquisition of land, must not imagine that the changes foreshadowed in this report will put an end to their difficulties. It is true that the Committee have seen and proposed a remedy for an injustice, but not for the main injustice.

The question at issue is primarily one of economics, and not of legal procedure. The principal question is deliberately ignored, and all attention is concentrated on the secondary or side issue. It may be said that the terms of reference to the Committee prevented them from dealing with the subject in any other way, though there was nothing to prevent them adverting to the economic side of the matter. Indeed, if they understood the subject and wished to deal with it fairly, it was incumbent upon them to point out that an adequate view of the question could not be obtained without examination of the economic issues involved. Nowhere is there a hint of this.

In the opening paragraphs of their report, the Committee point out that the question of acquisition of land is involved in such matters as Housing, Agriculture, Forestry, Land Reclamation, and Drainage. On all these matters, we believe, Reconstruction Committees are at work evolving a series of "reconstruction problems" to place before the British public after the war. In all these cases it is said that private enterprise has failed, and the State machinery, with its red tape and officialism, must be invoked in order to safeguard the public.

In a sense private enterprise has failed, that is to say, it has not done as much as might at first sight have been expected of it. Yet our reconstructors readily shut their eyes to the cause of the failure. If they did not, they would see that the mere introduction of State

machinery can do nothing to ensure success, and that indeed the State machine itself must rapidly break down. But although the State machine will in effect break under the same handicaps as limit private endeavour, the failure will not be admitted, and the creaking wheels will be oiled by larger and larger subventions drawn from taxation of the private trader, for officialdom will never admit its own failure.

The cause which handicaps private industry and which will handicap the State in even greater degree is the difficulty of obtaining land at a reasonable price. This difficulty exists quite independently of the kind of legal machinery in existence for compulsory acquisition of land, for the farmer, the builder, the manufacturer, never uses that machinery. It is only used by public authorities and semi-public undertakings, such as railway companies. Hence reform of legal machinery will not remove the fundamental disability; it will still be said that private industry is a failure, the official machine will be put on the job to acquire land by revised legal procedure but at unrevised prices. The machine will still fail, but its failure will be concealed.

Let housing be taken as a concrete case, in which it is said that private endeavour has failed. What is the cause of that failure? The excessive price of land. What is the cause of the high price of land? Simply the fact that land is held as a monopoly, and the house-builder is penalised by local rates on the Value of the houses he dares to erect. Well over two-thirds of the building area of our cities is held out of use, and the speculator is rewarded by being rated at 3s. 3d. an acre, while the remainder is rated at well over £25 an acre.*

It is not surprising, therefore, that private enterprise has failed, and the most ingenious reform of legal procedure for compulsory acquisition of land will do nothing to revive it. The ordinary purchaser is in no way affected by the question of legal costs, which is merely an additional handicap imposed on public authorities. He is handicapped by the fact that the basic price of the land is too high because he has to purchase in a rigged market.

The Committee appear to contemplate the grant of powers of compulsory acquisition to "any private company or individual, who can prove to the satisfaction of a suitable Independent Authority that his 'Undertaking' serves a public purpose." But the grant of such powers will do nothing for the farmer or builder handicapped by the excessive price of land. He can get the land in most cases now if he will pay the price without the additional expense of obtaining compulsory

powers. On the other hand, if it actually were proposed to take land at less than its current market price, this would constitute a most unjust and inequitable discrimination in favour of those considered by the Tribunal to have an undertaking which "serves a public purpose." They would thereby simply become sharers in the profits of land monopoly, and other traders (perhaps in a similar line of business) would continue to be hampered by the inflated value at which land must continue to sell so long as speculation and monopoly of it remain unchecked.

The first essential, beside which all else is trivial, is to break down the monopoly of land by making it against the owners' interest to hold land out of use or out of its best use, and to make provision for the communal value of the land being paid over to the public exchequer, and not as at present to private persons. Any proposal which does not do this must be judged on its merits either a palliative or a piece of chicanery designed to draw attention from the real issue. We do not wish to judge too harshly the proposals of the Ministry of Reconstruction, yet we feel tempted to put them in the latter category.

There is nothing new in the land question. What is amiss and what is the remedy has been discussed time and again during the last thirty years, and no body of men who propose to handle the matter has any excuse for ignorance of its fundamental principles.

What is wanted is a policy that will open up the land on equal terms to each and all. Local authorities, Government Departments, and Public Companies, whatever their usefulness, have no more right to special privilege as land holders than a private citizen. It is land monopoly that stands charged as the principal cause of the block to industrial and social development.

The one thing urgent is to abolish this monopoly. The vital problem is economic, not legal. What is wanted is a square deal all round, and a straight tax on Land Values would open the way better than anything else to a just system of land tenure.

To concentrate attention, then, upon means of compulsory acquisition, and to neglect the factors which make the price of land exorbitant, apart from any legal incidents of acquiring it, is to diverge into a sidepath and leave the main difficulty untouched. This country will in the days to come be faced with great trials and difficulties. If those in authority will deliberately close their eyes to the facts and pursue a policy of drift and patchwork, these troubles will be accentuated a hundredfold. There is a limit to the patience of a people, though that limit is rarely reached except under pressure of famine and unemployment. It is precisely these conditions that must be anticipated, and a policy that ignores the cause of unemployment and poverty in the monopolisation of the land is heading straight for disaster. The peasants and workmen of Russia have forcibly seized the land. The workers of this country may yet be forced to such a course if the Government continues to refuse the legitimate satisfaction of their aspirations.

* The Parliamentary White Paper (119) on Urban Districts (Areas and Rates), published in 1913, gives the following particulars regarding 1,076 boroughs and urban districts in England and Wales, having a population in 1911 of 21,206,450:—

Total area	3,884,139	acres.
Area rated as "agricultural land"	2,533,035	"
Rates paid on whole area	£35,429,301	
Rates paid on land rated as "agricultural land"	£400,689	