

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.

A LESSON FROM CANADA

Mr. Thomas Adams, whose name is well known in this country in connection with the town-planning movement, acting as Town-Planning Adviser of the Canadian Commission of Conservation, has compiled a report on "Rural Planning and Development: A Study of Rural Conditions and Problems in Canada." The report has been submitted to the Governor-General of Canada by the Commission, and is published by them as an official document in convenient book form. It is noteworthy that the Commission has thus given its authority to Mr. Adams's work, because much of it is a concentrated and outspoken attack on the gambling in the value of land which has wrought so much evil both to rural and to urban life in Canada. Mr. Adams has not confined himself to the written word but has included reprints of many photographs, plans and maps to help him in expressing his very frank views on what has sapped and is sapping development and progress. He says:

There has been excessive speculation in farm lands, and this has been the chief factor in causing absentee ownership and other evils which are threatening to undermine the prosperity of great parts of the agricultural territory of the Dominions. The great achievements of the Federal and Provincial Governments in building up the population of the country during the past twelve years have in large part been rendered nugatory by the speculation which has followed the settlement and arrested the development of the land. . . . The holding up of large areas of idle lands for speculative purposes also results in inflating the values

of improved farms within easy reach of transportation facilities, owing to the idle territory forming a buffer area between the improved land and areas available for new settlement. Because of speculation improved farms in good districts in the United States and Canada are often too dear to enable purchasers to make an adequate profit after allowing reasonable interest on the capital cost. . . . Wherever land has proved to be the most productive and has been best adapted for putting man's energy and enterprise to the best use, there the paralysing fever of speculation has left its deepest marks. The rich fruit-bearing lands of Ontario, British Columbia, and Nova Scotia have suffered, as well as the wheat belt of the West. Sale prices have been magnified far above real values, and large profits have been made at the expense of the agricultural industry. A large share of these profits have been put into the pockets of men who have left the country or have gone into the towns, and those who have suffered most are the producers, who have remained on the land. . . . We have the curious anomaly of increasing poverty among farmers side by side with increasing values of farms.

The same causes operate in the towns. Mr. Adams publishes a map of Ottawa and Hull, and draws a diagram on it showing the extent of the sub-division of land for building purposes surrounding the two cities with a population of 123,000 inhabitants.

It shows that the present cities would occupy five square miles if the density were forty to the acre. On a liberal estimate the population of these cities will increase to 350,000 in fifty or more years, and a total area of fifteen square miles will provide for this ultimate population, with a density of forty people to the acre. But the sub-divided area indicated on the diagram consists of 65 square miles of territory, only a small part of which is likely to be required for building in a gradual way after fifty years. A great part of the area of 65 square miles (41,600 acres) is lying idle and uncultivated, because it is sub-divided and held by absentee owners, whose sole interest is in securing the profits of speculation, which, in the circumstances, are not likely to be realised. Even that part of the sub-divided area which is still held by farmers is not being properly cultivated owing to the erroneous expectation that it will be used for building purposes in the near future. . . . Meanwhile city fertilisers are going to waste, prices of food are greatly increased, and ordinary farm produce is almost beyond the means of the poor. . . . Great areas of land nearest to our large towns are withheld from production, farms are made useless by being broken up into small lots, either occupied by occasional small shacks or held by unknown owners; sanitary arrangements cannot be provided because the buildings are too widely scattered; the township authorities lose rather than gain in revenue; the working men who build have to travel long distances to their work; children are too far from school; thousands of vacant lots nearer to the city are unoccupied; and in some cases there is general paralysis of the whole neighbourhood.

Nothing is wanting in these statements, on the one hand to demonstrate the social and economic truth that the earnings of labour are determined by the rent of land, and on the other hand to establish the fact that land-withholding results in the robbery of labour by causing rent to be artificially increased. Mr. Adams's further analysis goes to

show how people are driven from more productive land to seek the chance of a livelihood on less productive land, and depicts their misfortunes. We read between the lines of his story the necessary reduction of wages and the growth of poverty. What people can earn on the less productive land fixes the return to labour on *all* land. No matter what may be produced on the better classes of land (wherever its use is permitted) *labour gets no better reward than can be obtained on the least productive land in use.* The rest of the produce of labour is swallowed up in rent. Where land-withholding is carried to the uttermost, wages fall to the subsistence level or below it. The least productive land in use is so barren that to labour on it is to get only a bare living with hard and continuous toil. Many give up after being ruined and broken in the struggle, and from that time forth a section of the people are unemployed or disemployed. There are always some in search of a job (as if that were a privilege!), always by their competition forcing down wages to what a man will take rather than starve.

To that condition labour has been brought, by the withholding of *some* land either from its best use or from any use at all, in every country where private property in land prevails. Whatever may be the inducements to withhold land from use, and even although owners themselves sometimes suffer loss in the process, the facts are that everywhere sufficient land is rendered idle to force working people into servitude. Labour is like a caged animal. At home and abroad, in the towns and in the agricultural districts, it is imprisoned behind the barriers of land monopoly. There can be no relief in looking to the Colonies for the opportunities that have been made a close preserve in this said-to-be overcrowded island. Emigration can only take men across the seas to become victims there of the land speculation that lies in wait for the newcomer; and sooner or later, after much trial and hardship, the message will come back that the wage-earner may just as well remain at home and put up with (if he cannot take action against) conditions as they are.

In the light of Mr. Adams's disclosures, this is no fancy picture. The thing has happened. Mr. Adams writes about Canada. His most crushing evidence is his story of those who have failed as land settlers because they had been obliged to take up their settlements in isolated spots, or on ground that was not fit for cultivation, better land being

forestalled and held up for exorbitant prices. A survey of the conditions in Grenville and in the Trent Watershed (to take only two examples), prepared for the Commission of Conservation in 1913,

show us that what we have to deplore is not that people are leaving the land, but that they have been permitted to go on the land under such circumstances. When millions of acres of fertile land in Ontario and many more millions in the Dominions—many thousands of these acres being in the suburbs of our cities and near to our railways—and when the greatest need is for more human energy to cultivate these fertile acres, it is unfortunate, to say the least, that settlement has been encouraged where failure was inevitable. . . . The wasted energy and capital of settlers who break down in a losing fight against natural obstacles is only a small part of the loss to themselves and their country; there is also the physical and moral deterioration which seems to set in, in every poor agricultural district; there is the loss of hope in themselves and their broken faith in the capacity of the land to give them a living. Children who grow up under such conditions are often worse housed, worse cared for, and worse educated than children in the city slums. When people reach this condition they warn other people off the land, both by their appearance and by the accounts they give of their hopeless struggles.

The census returns of Ontario for the years 1901 and 1911 are examined, and it is declared that the decrease in the rural population was 373,567, or 29.9 per cent. Sir James Aitken, Lieutenant-Governor of Manitoba, in an address in Winnipeg on December 18, 1916, said that out of every 100,000,000 acres of arable land, granted to homesteaders, railway corporations, the Hudson's Bay Company, and other private interests, only one-third was being used for productive purposes. There are said to be 30,000,000 acres of idle land in Western Canada alone, a great part contiguous to the railways and of good quality. As Mr. Adams says, "it is unnecessary to go on adding to these figures"; it might also be said that it is unnecessary to comment further on their meaning to the people of Canada, and to the people of this country. It is more important to find and apply the remedy. Others have made the same inquiry, and it is instructive to learn that the Ontario Commission of Unemployment (1916) includes among its recommendations this proposal:

Greater access to the land by means of cheap and rapid transit would prove of great advantage to urban workers, especially in periods of unemployment. An improvement in methods of taxation, by which speculation in land would be made unprofitable, would assist in making this possible, and is equally desirable for other reasons.

Mr. Adams adds that:

The taxation of vacant lands recommended by the Commission so that the evils resulting from speculation in land, which contributed to the recent industrial depression and

makes more difficult any satisfactory dealing with unemployment in industrial centres, is both just and desirable if the taxation is based on a sound basis of valuation and has regard to the need of encouraging the best economic use of the land.

He is all for drastic taxation with that end in view; but his analysis of Canadian experiments with land values taxation and of the doctrines of Henry George (to whose wisdom and insight he pays a sincere tribute) results in the strange conclusion that certain land may, by its character and situation, have *two* values—one for agricultural and the other for building purposes. He does not see that land in suburban areas should be, and would be, as cheap for housing as for crops once monopoly was destroyed; and failing in that respect, he decides that a heavy duty, leviable only when sales or changes in ownership take place, on the difference between "building value" and "agricultural value" is the best means to make speculation in suburban land impossible, whatever other taxation policy may be applied to purely rural land. A tax imposed only when the so-called increment is discovered would have no liberating effect. It would rather make speculators the more obstinate in seeking profitable transactions, and so retard development. It has all the proved objectionable features of the British Increment Value Duty. We have quoted Mr. Adam's opinion in justice to him, and leave the argument to himself and our readers, who, seeing his lapse in regard to urban taxation, will yet admit the great value of the contribution he has made to the discussion of the land question.

A. W. M.

Mr. Herbert E. Easton, hon. secretary the British Empire Land Settlement League, General Buildings, Aldwych, Strand, W.C. 2, writes:

In the next issue of your LAND VALUES paper will you kindly make a point of letting its readers know that this office is daily receiving applications for land in the United Kingdom from officers and men at the front. I especially ask you to do this because of the statements made by Mr. Hodge, Minister of Pensions, in the *Daily Express*, to the effect that the difficulty of the Government was to find men to go on the land.

Mr. J. W. Graham Peace writes that he is holding Sunday evening meetings on Clapham Common (6 p.m.). Subject, "The Single Tax" London and district readers cordially welcomed.

TO OUR SUBSCRIBERS.

Owing to the greatly increased cost of labour and paper it has been found necessary to reduce the size of LAND VALUES and to increase its price. Beginning with this September issue—single copies will cost 2d., postage 1d. Annual subscription (including postage) 3/-. This increase will not apply to unexpired subscriptions.

THE RELATION OF PAPER MONEY TO THE COST OF GOLD

Increased Cost of Producing Gold.

At a meeting of gold producers held in London yesterday, at which Lord Harris presided, the Chairman said it had been found impossible to get the ear of the Government on questions they wished to raise by individual efforts, and it was, therefore, desired to attempt by collective means to urge upon the Government the question of the increased cost of producing gold. Sir Lionel Phillips said producers were paid for the gold in currency at the same price as before the war, while the currency no longer had the same value. The meeting recorded its recognition of the wisdom of controlling the disposal of gold during the war. In view of the price of commodities and the increased cost of production, the present fixed standard price in currency was not equivalent to the actual value of the metal. Therefore, it was suggested that losses suffered by gold producers ought not to be entirely borne by them. A committee was appointed to prepare a case for submission to the Government.—*Scotsman*, July 4.

There is to be held to-day a meeting of leading British gold producers to consider the supply of gold. It is said that the output of gold in the British Empire is declining, and that the Government should assist the industry in some fashion to maintain or increase output. It is a very interesting and far from an easy problem. The British Government pays roughly 85s. per ounce for gold. All this means in normal times is that the weight of the gold sovereign is fixed at so much. The purchasing power of gold varied with the fluctuations in commodities. The war, however, has introduced a new factor. In practice no gold circulates, and prices are measured not in gold coin but in paper money. There has been such a flood of practically inconvertible paper money that this paper money is heavily depreciated, and this depreciation is represented in higher commodity prices. If there were a free trade in gold, the paper money would be manifest as depreciated in terms of gold also. That is evident from a single circumstance. A small amount of gold is allowed to be sold for industrial purposes, it fetches 115s. per ounce, as against the 85s. per ounce paid by the Bank of England for coinage purposes. The gold producers complain that they give gold and are paid in a depreciated paper currency, which has a reduced purchasing power when they come to buy stores and pay wages. As a result gold production is becoming unprofitable. If the facts be as represented, the gold industry would appear to have a grievance. But it is going beyond that and suggesting that the nation has some special interest just now, or in the future, in stimulating the production of gold. That is much more questionable. The monetary trouble of to-day is due to the excessive and unwarranted issue of inconvertible paper money, and this excessive issue has been definitely encouraged by the accumulation of gold hoards by the Governments. Any further increase of gold hoards would be an excuse for issuing still more paper and intensifying the evil. What the country needs is not more gold in the Government hoards but less paper in circulation. How the paper money is to be reduced is not a simple question, but the gold industry must not be allowed to assume that stimulating gold production brings us necessarily any nearer to answering it.—*Manchester Guardian*, July 3.