

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.*

UNDER TRIBUTE

Soon after the war broke out, the Economic Section of the British Association appointed a committee to report on the "Effects of the War on Credit, Currency and Finance." . . . On the question of taxation . . . the committee's chief proposal is one for an income tax on wages, collected weekly through the employer (who should be remunerated for his labour) by means of the wages sheets.—*THE WESTMINSTER GAZETTE*, 8th September.

"For two years we have been consuming our wealth and to that extent must remain the poorer and be short of many goods and services we used to consider necessities of life."

"When the war ends, it will be incumbent on us all to redouble our activities, increase the productivity of mill, factory and field; for so long as there is a deficiency in excess of what we were accustomed to, so long must some of us, and especially the poorer members of the community, feel the pinch occasioned by this devastating war."—*Professor Kirkcaldy*, President of the Economic Section of the British Association.

"He could conceive of the United Kingdom being able to mortgage posterity to the extent of ten thousand million pounds if necessary."—*Reported statement of Mr. A. H. Gibson* at the meeting of the British Association.

"My own impression is that if every man and woman in Europe worked like a slave, it would be many years before we caught up the arrears."—*Benjamin C. Browne* in a letter to the *TIMES*, 9th September.

It is one of the obvious and most essential duties of organised Governments in taking charge of the relations between citizens not to lend their support to but to seek to remove any institutions that cause the wealth produced by all to be inequitably distributed; to avoid any policy that places some under tribute or in debt to others. One of these institutions, the menace and the master of most Governments, is the privilege possessed by the owners of the soil to appropriate as rent for land a large and increasing proportion of the fruits of industry. It is the object of the movement we represent to point out the effects of land-

owning privileges; to explain their injustice; to reveal their results on the earnings of labour; to show how they lead to the withholding of land from use, to iniquitous and burdensome taxation to unemployment, overcrowding and distress; and to call for reform by the public appropriation of land value for public purposes. We shall not argue these propositions now, wishing to address ourselves to the task of examining another institution which performs the same operation of sending wealth to the wealthy and poverty to the poor, and does so not only by its own volition but also by reacting on those barriers to all social progress, the monopoly of and speculation in land. Instead of being shunned like the plague, it has been forced upon the nation by a Government, with all the lessons of history to warn against its dangers. But both the people and the Government have been helpless in the hands of the parent institution and its results. With the necessity of obtaining extraordinary revenues, and wealth concentrated in the hands of the few, the disastrous policy of national loans has been the only resource. It has been developed so far and to such extreme limits that the debt has now reached 2,827 millions, and if the War lasts till the 31st March next it will amount to 3,440 millions. There will be for many years a dead-weight annual charge of upwards of 180 millions on the public revenues of the country. From whom will this money be collected, to whom will it be paid, what will be the effect of this enormous burden, and what its reactions, in the increase in prices it has caused and their subsequent inevitable fall, upon the exercise and development of industry? In the answer to these questions lies the future welfare of society, provided only that they are answered in the uprooting of the existing undisturbed and untrammelled powers exerted by land monopoly.

The National Debt cannot be regarded as a thing that will merely cause a reduction in the incomes of all citizens, much as the experts at the British Association and the pundits in the House of Commons and elsewhere would like to make it appear so. Its very name, a "national" debt, is deceptive, since except for a small proportion borrowed in America and abroad, it is a debt due by some people amongst us (the many who have lent nothing or only a little) to others (the few who have lent much), and all the calculations of the statisticians who parade fancy figures of the "national capital" and the "national income" as proof of the solvency of the nation are irrelevant and absurd. They overlook the fact that the process of borrowing has established national creditors as well as national debtors. It has enriched posterity to exactly the same degree as it has impoverished or mortgaged posterity. The national creditors will not have to work like slaves, nor remain short of goods and services, nor feel the pinch of this devastating war; but the national debtors

will have to strive the harder to pay the 185 or possibly 200 millions and at the same time to meet the other demands upon them that before the war meant toil and sacrifice enough.

If we are to think in terms of a rigid commercial transaction, we must reject this reliance on estimates of national or collective capital and income, and call on the Chancellor of the Exchequer and his advisers to give us an estimate of the *assets of the debtors*. From that we should ascertain *their* solvency and *their* ability to repay their creditors both interest and principal. But if the interest is to be considered secure on the statistics as they were presented in the House of Commons by Mr. McKenna,* we have the proposition that the comparatively few lenders, who have subscribed quite nine-tenths of the loan, must find the bulk of the interest, for it is in their hands that the bulk of the wealth of the community is concentrated—and the inference can be spelled by a term, awkward to the lenders, which the Chancellor of the Exchequer would be the last to assert was his solution of the problem. Still, it is only on these lines or by some other form of taxation on concentrated wealth, possibly more adequate and certainly more in consonance with what belongs to the community by right, that the interest will be forthcoming. It is impossible to draw blood from a stone—to take from the dispossessed and non-propertied national debtors upwards of 200 millions a year in additional taxation. The attempt to do so is sometimes regarded lightly by those who consider that all taxation comes ultimately out of rent. Undoubtedly it does so, protection would do so, as would taxes on windows, but only by the cruellest and most painful inflictions on trade and industry. After Waterloo, the Poor Rates almost exterminated the value of land, and burdened with excise and customs, the people impoverished even their landlords. Probably all the ancient civilisations of this world went down while the exactions of tyrants were “filtering through” to rent.

The financial aspect of the national debt is complicated by two considerations: Firstly, present prices are artificially inflated, and when they return to their normal level, as they must do, what seems now a heavy deduction from wealth produced will be still heavier in the future. That is to say, if the wealth now produced is valued at 2,000 millions, and the bondholders get 200 millions, they get one-tenth. When prices fall to the normal, the same wealth is likely to have a value of 1,400 millions, and the bondholders, still drawing their fixed 200 millions, will get one-seventh. If the rest of the people are to retain nine-tenths as before, they must work by so much the harder. Secondly, a large portion of existing taxation is illusory. The

expenditure of borrowed money causes a temporary prosperity, and there are many to-day whose wages and incomes are in effect part of the loan. It is easy for them in these circumstances to subscribe to the taxes that enables the Treasury to pay the dividends on the loans, just as a spendthrift could for the first year or two manage quite well to pay interest to his money-lender and enjoy himself at the same time. When the loans cease and wages and incomes represent wealth actually produced, we shall be in the position to discuss the relation of legitimate tax revenue to war loans, but not before.

The more immediate economic effects of the new burden of several hundred millions on trade and industry we take to be two, the first a direct effect, and the second indirect through fluctuations in prices. The interest on the debt will be a first charge on production, something to be paid to the Government under duress which had not been contemplated and could not be foreseen when men made contracts in pre-war times for houses, business premises, factories, and farms. Being obliged to pay their share of the interest and to meet very much heavier taxation they will not be able to pay the same rent as before. The landowner on his side, however, will seek to secure the same rent or price as he was accustomed to, and rather than consent to a reduction, he will hold his land out of use until such time as labour and capital will be obliged, or feel themselves obliged, to accept his terms—likely to be moderated only after a severe struggle in which the landowner has the upper hand till the last moment. Closed offices, shops, and houses will not be opened to new tenants at less than the old terms, nor will the land wanted for new industrial efforts be offered at rents or prices less than the standards familiar to the market of two years ago but impossible to maintain under the new conditions. At once land monopoly will rule the situation, and with that unemployment and a fall in wages are inevitable. The prophesied commercial activity—and the prophecy and certainty of activity is already promoting land speculation and its fruits—which will be called upon to repair the waste and destruction caused by the war will be impeded and strangled at its birth.

The influence of fluctuating prices on the value of land is of secondary importance, but it is an influence not to be omitted. It is a habit to speak of inflated prices as leading to “speculation,” without reference to anything in particular. We are more concerned with its specific effect on the price of land. Prices of all things have risen artificially; what used to be considered worth 20s. is now considered worth 32s., and the same is true of land. When the bubble of inflation is pricked and prices begin to fall, holders of commodities will endeavour to get rid of them as quickly as possible, for they will not keep, and the competition

* In the Debate on 10th August on War Debt and Short Loans, see LAND VALUES for September, pp. 112-13.

of new supplies will be an additional incentive to a general selling-off. But the last thing to fall in price is land; it can keep, it is not menaced with new supplies, and if some of it is held out of use long enough the fall in price will be checked. Meanwhile, he who has got, in the period of inflation, 32s. for land now actually worth only 20s., will have the obstinate hope of seeing the higher price maintained. He withholds his land, pays no taxes on it while he does so, and contributes in devious ways to the poverty and distress around him.

Finally, the war and its circumstances reveal a further relation between access to land and industrial activity. It has been said the expenditure of borrowed money has been the cause of prosperity; it would perhaps be sounder to say the loaned money has provided the wages. The prosperity, the employment, rests at bottom on the increased use of land. It could not rest anywhere else, and there is nothing in the improved (though temporary) labour conditions of the present moment that conflicts with the exposition of the remedy for low wages given in *PROGRESS AND POVERTY*. Dr. Addison in his speech on the second reading of the Defence of the Realm Land Acquisition Bill explained what huge tracts of territory had been commandeered for war purposes by the Government. To that may be added the commons taken over, the public parks in use for hospitals and offices, the vacant building sites devoted to a hundred-and-one purposes, and the private grounds provided free by their owners. It matters not what is being done on the land, whether it is being used strictly in a "productive" sense or not, or from what source wages are being paid. The fact is that men and women are there, and have had very much greater opportunities thrown open to them. There is therefore no enigma in the increase of wages that are being demanded and paid in civil life.

But what will happen when the war ends? All this land, or most of it, will be immediately withdrawn. Patriotic landowners, to whom every credit is due for their generosity, will become business men, and they will proceed naturally enough to inscribe all their land once more in the books of their agents. The vacant sites will be occupied at a price, the private parks will once more become preserves, and public sentiment will rightly demand the restoration of the commons. The old order will set in of a restricted supply of land and all that it means in congestion and the difficulty of finding or keeping a job.

"Prophets abound," remarks a contemporary. "Upon the grindstone of war conditions every propagandist has an axe to grind." We admit the charge of attempting to prophesy, but it is a prophecy that we can make with perfect confidence—no social nor economic reconstruction can hope to effect anything if it is not prepared to grapple with the vicious hold of land monopoly on the lives and destinies of the people. The war has raised no new social problem; it has only intensified the need for the drastic treatment of abuses that have always been with us. Fortunately, during these long months of anxiety and despair we have been able to keep our "propagandist axe" at the grindstone. The call is to everyone who has faith in the taxation of land values and understanding of what it hopes to achieve, to help use the axe to some purpose.

A. W. M.

THE FUTURE OF DEER-FORESTS A HIGHLAND LAND PROBLEM

(Reprinted from the *TIMES*, September 19th.)

(FROM A CORRESPONDENT.)

The future of Scottish deer-forests is a problem causing considerable anxiety not only to Highland landowners but also to others of the community dependent on the money which deer forests have attracted to Scotland in the past from across the border. At present, of course, deer forests are a drug on the market, and unlettable at any price. Fortunately for their owners, many of the big forests were let on lease before the war, and are thus still rent-producing. But as the leases fall in what is to happen?

Most people take a gloomy view of the prospect. Some express the hope that the American will come to the rescue, but it seems doubtful if deer-stalking will attract him. It has no longer the glamour it once had. The solitude of the forest with the shooting lunch barred is not consistent with the sociable life the average American, man or woman, demands. Before the war even Englishmen were finding deer-stalking less attractive. Forests were increasing in number year by year, and the new forests were at a lower elevation and easier to walk. With hand-feeding in winter, deer are now more plentiful and less shy. If bodies are heavier, heads are not so fine. The sport is, in short, becoming tame, and almost tiresome to the true sportsman, except in a few of the finest and oldest forests.

It looks as if the new forests must go, leaving only the old forests with their difficult ground mostly at high elevation and fit for nothing else than deer. If so we shall perhaps come back to the days of Scrope and see deer-stalking once more ennobled and all popular prejudice against deer forests removed.

But this will mean almost a revolution in the Highlands, as it will affect millions of acres and numbers of people and cause the undoing of the work of half a century or more in putting deer where sheep had been before. We have pretty exact figures for the 20 years between 1891 and 1911 to show the extent to which this had been carried in recent years. In the former year 2,562,133 acres of Scotland were under deer and devoted exclusively to sport. In the latter year the acreage, including cleared grouse ground, was up to 3,599,744, showing an increase in the 20 years of fully a million acres given up entirely to sport. Since 1911 further land has been added, and at the present time we have to face the fact that almost a fifth of the area of Scotland is devoted exclusively to sport. And, to quote from a recent article contributed to the *TIMES* by Sir John Stirling Maxwell, "the amount of food they (deer forests) produce is negligible." A hundred years ago it is said there were only five forests in Scotland; now there are over 200.

RECENTLY CONVERTED.

A large proportion of the land now under deer could never be productive, but the fact that so much of the land has been converted in recent times from sheep to deer compels the conclusion that a considerable area could quite well be brought back to a greater or less degree of productivity. What extent could be so used is a question. The last return of deer forests and sporting land shows that 600,000 acres thereof are below the 1,000 ft. contour line, but the extent under that level is not given for 1,360,000 acres of forests which are partly below that contour and in many cases go down to sea level; so the proportion of low ground in these forests is evidently greater, and it may be safely assumed that well over 1,000,000 acres of deer and sporting land is under 1,000 ft., or over one-fourth of the total land exclusively devoted to sport at present.