

THE GIFT TO LANDLORDS

WHAT IT MEANS IN SCOTLAND

By Capt. A. R. M'Dougal

(From an article in the *Edinburgh "Evening News,"* 9th May. Capt. M'Dougal is the prospective Liberal candidate for Roxburgh.)

The proposals recently announced in the Budget to relieve agricultural land and buildings from all rates have been hailed in some quarters as a great boon to agriculture, and to farmers in particular, so it is well to examine the matter closely. In England the tenant pays the whole of the rates, so that there the relief goes to the tenant in the first instance, though under our system of land tenure it will merely bolster up the present rents or increase them and the price of the farms as well, so that the tenant in any new buy-or-quit campaign will have to pay the capitalized value of the relief if he buys his farm, or a bigger rent. This will constitute a serious adverse burden to agriculture, as it will burden the buyer with more dead-weight of capital debt. The same remarks regarding rent and price apply equally to Scotland.

The Scottish position is different in other respects. Previous to 1923 the rate was divided equally, and the landlord was assessed on his whole rent whilst the tenant was assessed on three-eighths of his rent. The Agricultural Rates Relief Act, 1923, reduced the assessment of both, the landlord now paying on three-fourths of his rent and the tenant paying on one-fourth. (This Act granted in relief £480,000 for Scotland, and of that the landlord took two-thirds or £320,000 and the tenant got £160,000.) Under the Budget proposal, therefore, the proposed relief will go in proportion of £3 to the landlord to every £1 to the tenant.

£38,000,000 DOLE

Assuming the new grant required to be about £1,500,000, the landlord will get £1,125,000 and the tenant £375,000. With the two combined the total subsidy will be as follows: Landlord, £1,445,000; tenant, £535,000.

So it will be seen here that there is a straight dole to the landlord right away of £1,500,000, with the certainty of the other £500,000 to be netted later on. Capitalized, as it will be on sale, it equals a capital dole of £38,000,000.

In the 1923 Act there was no obligation on the landlord to spend the money, given by the State in aid of agriculture, on making new improvements on the farm. It was a free gift, and has largely been spent as such.

The question may be asked, on what grounds are the public to be asked to provide this really colossal sum for the benefit of a very small class that does not require it, and which already is in receipt of many grants-in-aid for drains, houses, forestry, death duties, etc.?

BOLD BAD BARONS AGAIN!

According to the Budget the money is to be raised from a tax on road transport, which is not only to pay the upkeep of the roads but to pay the landlords' and tenants' rates as well. The petrol tax means about £1 per week on a motor lorry. One can imagine cases where the Scottish tenants' rate relief is less than his increased transport charges. To give the public some idea of the extent of the proposed subsidy one may say that in one Border district two landlords alone will receive about £6,000 per annum, equal to a capital sum of £120,000 each, from the British public that rides in cars or buses or that buys anything that has been

carried in a motor lorry or van, or that uses oil for light or power. Truly it reminds one of highway robbery by the Bold Bad Barons, which is exactly what it is!

The petrol tax is a tax on industry and will inevitably increase the cost of living and of production, whereas the relief of agricultural rates under our present system of land tenure will not reduce the cost of living, or the costs of agricultural production. It will merely increase rents and prices of land. Except in the case of the occupying owners, who number one-seventh of the whole, the rates relief will be of no permanent benefit to the farmer or worker of agriculture.

Further, unless accompanied by a comprehensive reform of our existing land laws and land monopoly, it simply means that the public, in addition to paying the landlords' rates now, must in future pay a correspondingly higher price for any land wanted for housing, parks, water supplies, afforestation, etc. Having given the relief, it will some day have to buy it back again, as will the buyer of any farm or estate. . . . Under the present land laws farming will always, except for brief booms, be in a state of chronic depression, because each boom forces up rents and prices, owing to the monopoly and outside competition during a boom, and it takes about 30 years to get back to normal again. Naturally, the owner sells at the boom, and the tenant is forced to buy at the seller's chosen moment.

RATING RELIEF AND CREDIT FACILITIES

In a letter to the *Scottish Farmer*, of 26th May, Capt. A. R. M'Dougal, bringing in a reference to the Agricultural Credits Bill, which was debated on 9th May in the House of Commons, wrote:—

"One should look ahead and see the ultimate effect of the rates relief subsidy. It is quite certain that except in special cases, in a few years the whole of the subsidy will have been absorbed in increased rent and price of land. For instance, take a farm to let after the relief is effective. Offerers will simply offer the normal rent, plus any relief. Competition will make them do so willy-nilly. In that case the whole of the benefit to the tenant and agriculture will have gone.

"Now the rates relief and credit proposals are defended on account of the help they will be to the occupying owner, who was compelled to buy his farm at an inflated price. Incidentally, it was the temporary post-war boom, plus ample credit or loans, that led the existing occupying owners who are grumbling into their troubles. The new proposals will doubtless benefit them, but they will create similar conditions again, and after they are in force will not the present tenants have to pay for their holdings, if compelled to buy, the present price plus the capitalized value of the rates relief subsidy? That is exactly what will happen. The rates relief will increase the price, and the Credit Bill will increase the number of bidders, and the easy loans will tempt them to buy at too high a price. So in helping the old occupying owners the new proposals will expose the existing tenants—six-sevenths of the whole—to the same risks and will burden the new occupying owners with an added load of dead capital or debt.

"Take the case of a farm sold immediately after the relief is in force. The new buyer has to pay at the new price and the seller takes the money right outside the industry, leaving the new occupying owner in exactly the same position he would have been in, if there had been no rates relief—paying extra interest equal to the amount of the rates relieved. Of what use is that to agriculture or the tenant or the new occupying owner? . . . It is simply a present from the British public to the lucky man with land to let or sell."