

Reconstruction in Great Britain

By DOUGLAS J. J. OWEN

CAPITAL wealth in the countries at war is being destroyed ruthlessly, whilst the land, from which all wealth is produced, remains indestructible by any bombing. [Portion deleted by censor.] The site remains, and can still be bought and sold as negotiable property. Whilst the mutual destruction of wealth goes on, discussion proceeds in Great Britain of plans for post-war reconstruction. The British Press and other forums of opinion are full of hopes of building a better social order on the ruins of the old. The demolition of slums by high explosives is almost welcomed, by some who don't live in them, as providing the opportunity for experiments in town-planning on the devastated areas. Blue prints of our new cities appear faster than the ground can be cleared for their application. The primary fact, so often overlooked, remains, that the private landowner is not dispossessed by the most intense bombing by the enemy. To paraphrase a famous saying: So much will still be owed, in the shape of land rent, by so many land-users, to so few land monopolists.

It will no doubt be matter for boasting, when the war is over, how well our British institutions have stood the strain. Certainly that hoary institution, older than Parliament itself and, so far more powerful, the land-owning interest, seems likely to survive the nation's ordeal, whatever else survives—unless, of course, the work of our Land Values Leagues succeeds and heed is taken of Henry George.

Proposals for betterment—their name is legion—are put forth for every aspect of our national life. In agriculture for example, the need for increased production of food-stuffs is constantly stressed, by authorities who ought to ask why such an obvious necessity should require lecturing about. Price-fixing with the aid of subsidies is advocated by one writer, another, equally expert, says that all the price-fixing in the world can never constitute an enduring land policy; so he advocates a Land Commission to regulate the rotation of crops and to have compulsory powers of purchase of land.

Another advocate of compulsory acquisition of uncultivated land is none other than the Conservative, Lord Winterton. Speaking in the House of Commons on December 4th, he said: "Not enough attention has been directed to the huge area of land in this country which is cultivable—not derelict, but not at present cultivated. Every acre bore corn or produced stock in the Napoleonic wars, and our position today is at least as grave as then." Our English Land Values Leagues have been pointing to those unused acres for years. It looks as though propaganda is having some effect at last. Lord Winterton, however, went on to

press for compulsory purchase as the cure, so he has not learnt his lesson complete.

None of these reforms seems to realize the fact that the mention of subsidies and public purchase of land will excite the expectations of landowners and tend to raise the speculative value of land. Land for farming purposes is already experiencing a boom. *Land & Liberty* gives many instances of the effect of war conditions on the growing of foodstuffs and consequently in the enhancing of land values.

A writer in the *Daily Telegraph*, London, is quoted as saying: "Everything derives from the land, whether it is food, clothes, buildings, drink or transport. But food and clothing come first. The result is that farms which grow crops and beasts, fruit and vegetables, poultry and pigs have steadily appreciated in value since the memorable 3rd of September 1939." The extent of the increase in price is indicated by the same writer's statement: "Knight, Frank and Rutley, a firm who have sold approximately 30,000 acres of land since the war began, tell me that on a broad, general average, prices have appreciated by from 15 to 20 per cent. They are still rising." Yet the experts on grass and crops and livestock ignore this rising obstacle to reconstruction and increased production in their calculations.

In the plans for rebuilding the derelict bombed areas we see the same lack of economic perspective. London areas rendered uninhabitable are still the property of this or that great landowner who will have to be consulted before rebuilding can begin. If as a preliminary step the tax-collector were sent to consult with the owners of new building sites as to the value of their land for taxing purposes, then those who want to reconstruct and make waste places habitable would be able to treat with landowners on a fairer footing. As it is, the absence of any tax on land values leaves the owner of land to exercise his monopoly rights even in the time of the nation's extremity. To cull from *Land & Liberty* (December 1940): The War Office could only acquire land for its needs in Croydon by using its compulsory powers, and the price had to be fixed by arbitration, and was equivalent to £1084 per acre. This land had practically no value when assessed for local taxation purposes. If the War Office could not treat with the owners except with compulsory powers, what chance has the ordinary town council or private builder when they want to erect houses for the homeless public? Had there been a tax on land values, even a moderate tax, the transaction would have been on more equal terms. This is the cornerstone rejected by reconstruction builders who pay no heed to the economics of "Progress and Poverty."

In ill-fated Coventry, the City Architect, Mr. D. E. Gibson has stated that the bombing has given them the chance of rebuilding "a dignified and fitting city center." In a lecture, he said: "Many citizens had despaired of this possibility before the bombing. High land values, among other factors, made it seem impossible. In a night all is changed. People are now asking themselves, Will the land-owners, with their often short-sighted and acquisitive outlook, again be allowed to smash the ideas of our twentieth-century Wrens?"

All this is to the point, but Mr. Gibson shows his own limitations when he comes to the remedy, for he concluded as follows: "For the good of the community private interests must be subordinated to public ones. The only solution for Great Britain now lies in some form of nationalization of all land. This could be achieved in a number of ways, one solution being to convert all free-hold property into leasehold to the State, with a 99 years' lease, which would at least give some control over building".

An ingenious proposal, but why not the simpler method of nationalizing the land-rent fund by progressive taxation of land values? Mr. Gibson may not have heard of Henry George though he shows, like many other public men in Great Britain today, that he cannot help being influenced by Georgeist educational work in the last generation or two in his recognition that the land value question is central to the problem.

A recent striking instance of the good results of the work of our Leagues is found in the Report of the special Committee of the Town Planning Institute. This report does not advocate a tax on land values—we must not expect too much. But it does emphasize the need for a national valuation of all land in the country "by one authority at one time upon uniform principles". This Committee does not recommend the nationalization of all land, but rather its compulsory purchase in urban or rural areas wherever required for purposes of planning. They say: "We are convinced that the chief obstacle of the achievement of positive results by statutory planning is that it is hampered on all sides by a multiplicity and variety of interests". The Committee also envisages a conflict of plans between those who wish to preserve rural amenities and those who want to expand the towns on new lines. The Committee wants to "check extravagant claims for schemes for the redevelopment of built-upon areas".

In commenting in its leader columns on this report the *Manchester Guardian* said: "But in the (bombed) districts streets are owned, perhaps, by a great many people, and more still draw profits from things as they are. All of these will be affected by the change for the better. They have drawn incomes from what has been condemned, and not only will they want to be compensated for their loss but will seek to share in any rise in the value of their property

through the planning authority's improvements". The *Guardian* endorses the proposal for an "unprejudiced valuation", and in this the workers in the Henry George movement may see signs of progress in public opinion. Our town-planners and reformers are "not far from the kingdom". To change the metaphor they are getting so near to the only solution that "if it were a dog it would bite them".

Town Planners have only themselves to blame if they find that the legislation they have sponsored is inadequate, and that they are compelled to join in the demand for land valuation. They were indifferent to, and in fact, many of their leaders actively opposed, the Snowden Land Value Finance Act of 1931. The Town Planning Acts, with their much lauded "betterment principle", which was their answer to land value taxation, they now find not merely inadequate but actually mischievous, for the basis of assessment for compensation takes no account of land value as such, does not separate land value from improvements, and exempts any land, however valuable, if it is vacant. The increase in land values resulting from town planning schemes was not to be taken for the community which financed the schemes, but to be handed over to other landowners whose land values were decreased by town planning. This decrease is not, of course, a "loss" to landowners in the strict sense, but only a reduction in the gains accruing to them by the presence and expenditure of the community. But they were to be insured against this out of increased land values which Town Planners prevented from returning to the community which created them. Now, nine years after, these well-meaning people* find they cannot get on with their plans without the valuation which they could have had in 1931 but for their own obstructionist tactics. It is still necessary to ask them if the valuation they want is to ascertain the true market value of the land apart from improvements. If not, their valuation will again be useless to them.

One more illustration of the trend of reconstruction thought may be given. Prof. C. H. Reilly, the great authority, describes the planners' task thus: "This general program must determine the planning of industry throughout the country: which towns should be allowed to grow, which should be curtailed by the removal of its factories, where the new towns are to be placed, which new coal-fields should be developed, which sources of water power, where land is to be reserved for national parks, where forests should be extended, where reduced. . . to decide the fate of that particular town, whether it should be allowed to hold a greater or less population".

*To whom Mr. Harold S. Bottenheim (editor of *The American City*) made his eloquent and powerful appeal at the Conference of the International Union for Land Value Taxation and Free Trade in London, in 1936.

We may leave the well-meaning town-planners to settle with the country-planners, merely recommending to both a study of the law of economic rent and its application under conditions of freedom from land monopoly. One gem shines forth from Prof. Reilly's plan. He says: "Clearly speculation in land and building will have to be stopped". He does not say how this is to be done, leaving it no doubt to the economists. American readers may be sure that British land valuers will make the fullest use of this growing receptiveness of the public mind for the Georgean message, which is in itself a result of persistent advocacy over many years.

The Town Planning Committee, like other reform groups, recommends the expenditure of public money in payment to landowners for permission to reconstruct a devastated Britain. Not only do they thus create obstacles to their own schemes by causing inflated hopes and inflated values; they also bring discredit on all reconstruction efforts which begin by taking further large sums from the already overburdened taxpayers. Let the landowners begin to restore to the community the values created by the community which are registered in land-values and we shall then have the essential ground plan for all reconstruction.

It was not a Georgeist, but the Financial Editor of the *Manchester Guardian* who wrote: "Far more poverty and hardship could easily be caused by false economic policies after the war than by the war itself". A bold thing to say, and only those who know their Henry George can judge how true it is that, awful as are the afflictions of war, they do not surpass the social miseries and tragedies caused, generation after generation, by the perpetuation of the private monopoly of land. Britain may yet lead the way in lifting this entail of suffering.

Canada's Wartime Economy

By HERBERT T. OWENS

WHEN Canada entered the war, the government declared for a pay-as-you-go policy as far as possible, with the result that federal taxation is much higher than formerly. The average man feels it particularly in the National Defense tax on wages. Single persons earning from \$600 to \$1200 per year pay 2%, and 3% over \$1200. A married person is exempt up to \$1200, but pays 2% if the income exceeds \$1200 per annum, with an allowance of \$8 for each dependent child. The regular income tax has been extended to take in still lower paid groups. For example, before the war, incomes under \$2000 a year for married men were exempt, but the lowest limit now is \$1500. On single incomes, the exemption has been lowered from \$1000 to \$750. Some articles which had formerly been exempt from Federal sales tax were made liable to this tax. Despite all the extra taxes, however, resort has had to be

made to loans, and several large loans have been over-subscribed.

Strenuous efforts are being made to bring into effect a better economic order in Western Canada. It is recognized now that soil was devoted to wheat growing which should never have been so used. Under government auspices, crested wheat grass, originally imported from Russia, is being sown on a large scale. Its deep roots hold the soil and prevent drifting. Settlers are being removed from submarginal lands to better land farther north in Saskatchewan, and nearly 2,000,000 acres have been returned to state ownership in the Prairie Farm Rehabilitation Scheme, and these tracts are being used for grazing purposes. Users pay a rental per head of cattle grazed. Extensive irrigation projects are a part of this huge reclamation scheme.

A number of controls have been put into effect as war measures. A new experience for Canadians is foreign exchange control. Canada's purchases from the United States for war purposes are so huge that the balance of trade has run the Canadian dollar down to a value of 89c in American currency. In other words, we have to provide \$1.10 Canadian money to pay for every American dollar's worth that we buy. Trade for other than war munitions and such things as citrus fruits is discouraged. Only Canadians travelling on official business can get funds wherewith to travel in the United States.

Another feature of wartime economy is rent control. The sudden influx of workers into centers like Ottawa, Halifax, Parry Sound, Vancouver, etc., caused rents to skyrocket, and rent profiteering was rampant. This situation was met by the appointment of a Rent Controller, and the pegging of rents as of January 1940. Rental courts have been sitting in numerous centers and their proceedings have enlivened the pages of the newspapers. In Ottawa, at every sitting of the rentals court, landlords and tenants each have a representative on the tribunal, the third member being a judge. It would appear that these courts are not sticking to the letter of the regulation—the decisions seem to be establishing a fair rental—although in the main there is a close adherence to the spirit of the control. The government's announcement of rent control aroused the ire of the Property Owners' Associations, the president of one of the leading groups denouncing the move as "totalitarian control over the destinies of the land-owning people of Canada." The same individual asserted that he didn't believe in any government body trying to exploit the landlord. That runs true to caste.

THE FEUDAL SYSTEM ABOLISHED IN QUEBEC

Once more a Canadian government has shown kindness of the hard cash variety to landlords, such as the British government has shown to the owners of coal mines. By a payment of \$3,200,000 to some 245 seigniories by the government of the Province of Quebec, 60,000 French Canadian