

## THE BRADFORD BUSINESS SCIENCE CLUB

## An Address on "Land in Relation to the Industrial Situation"

BY CHARLES H. SMITHSON.

FREDERICK GROVER, A.M.Inst.C.E., M.I.Mech.E., Presiding.

Mr. Smithson said: There appears to be a general impression that the Land Question is one which closely concerns the Primary Industries but which has little or no interest for those engaged in the Secondary Industries.

By the Primary Industries I mean those Industries like Agriculture and Mining, where Labour comes into direct contact with Nature. The Secondary Industries are those in which the raw materials drawn from Nature are worked up into finished products.

When it is remembered that the Land is the source of *all raw materials* it becomes obvious that anything which obstructs the production of raw materials must equally restrict activities in the Secondary Industries.

The essential thing, therefore, in every department of Industry is that Land should be put to its most productive use. It is especially important to grasp this fundamental fact in view of the industrial situation which will confront us at the close of the War. The two most important aspects of the new situation will be:—

- (1) The absolute need for the fullest possible production of wealth to meet the very heavy burden of Taxation, and
- (2) The demand on the part of Labour for its full share of the increased production of wealth—and an effective control over the conditions of its employment.

The Land Question has a direct bearing on both of these problems. Let us first deal with the need for the fullest possible production of wealth. The corollary of this proposition is the urgent need for the removal of anything in the nature of an artificial restriction of the production of wealth. There are two very formidable artificial obstacles to production. The first and much the most important is the withholding of land from its most productive use; and the second is what is commonly called the "ca' canny" policy of the Trade Unions and the restrictions on output of some large business concerns which control a monopoly.

Discussion of Trade Union policy will come in more appropriately when, at a later point, we are considering the "Status" of Labour at the close of the War. Therefore, let us confine our attention at present to the Withholding of Land from its Most Productive Use. This evil manifests itself, in the rural districts, in the power of withholding land from development as Small Holdings; in the mining districts it shows itself in the power of imposing onerous conditions in the shape of Royalty and "Dead Rent," which retard the free development of mining operations; and, in urban areas, it reveals itself in the power of withholding building sites from being utilised for houses, factories, warehouses or shops. This serious interference with the full use of land is further aggravated by our present system of rating, which penalises the use of land by placing the burden heaviest on the good use of land and lightest on the inadequate use of land. This manifest absurdity can be removed by the adoption of a reformed rating system which will at the same time encourage the best use of land and break down the power of withholding land from use.

It is just here that the Land Question and the Rating System become a social and commercial proposition of the highest importance. The reformed system of rating which would bring about these very desirable ends has already been adopted with most successful results in some of our Colonies—notably throughout the whole of Queensland and New South Wales, in many parts of New Zealand, and in many of the towns and cities of Western Canada. This new system excludes from assessment any value which arises from any private expenditure of Labour

and Capital upon the land, but takes for communal purposes any value which attaches to the land owing to the expenditure of public money on roads, lighting, drainage, water supply, etc., or any value which arises on account of favourable position or other *natural* advantages attaching to the land. This value is made the subject of contribution to public funds *whether the land is used or not*.

This provision in the new rating system makes it unprofitable to withhold land from use, and it would have the same beneficial effect if applied in this country. It is this economic pressure of the rate in bringing land into use which should command the active support of both worker and capitalist for the proposed reform. It is a proposition which has received support from men of all shades of political opinion, and it can therefore be discussed as a non-party question. Lord Robert Cecil, speaking in the debate on the Finance Act of 1909, said:—

"I agree that a large number of hon. gentlemen of Conservative opinions have pledged themselves to the taxation of land values. But what for? As a substitute for our existing system of rating, which is a perfectly easy and rational proposition."

Let us therefore clear our minds of all party bias and discuss the question as a business proposition in relation to the industrial situation. In what follows no charge will be brought against those who take advantage of the present system; it is the *system itself* which will be made the subject of criticism. To emphasise this point I will choose examples which for the most part have come within my own personal experience. The point we have to consider is what effect the rating of Land Values, *whether the land is used or not*, will have in bringing land into effective use in Urban, Rural and Mining districts. The first example I will give is typical of the power of withholding land from building in an Urban area. The land in question is jointly owned by my brother and myself. The land is situated about half way between two important industrial centres and is eminently suitable for building. The price which we are asking for it is between £600 and £700 per acre, and evidence that this price is not considered unreasonable is shown by the fact that occasional plots are sold at this figure. We are in no hurry to sell; we can afford to wait for our price, *and the present rating system enables us to wait*. The land derives the value from the fact that it is situated between two industrial centres with a good railway service; that it has the benefit of certain communal services supplied by a public authority in the shape of good water, gas, electricity and municipal trams; that it is bounded on north and south by good roads maintained at the public expense, with an existing main sewer into which the property can be drained. These are the factors which give it a value of £600 to £700 per acre, but it is only assessed for its contribution towards the maintenance of these services on the basis of a capital value of £25 per acre.

If the rates were levied on 4% or 5% of the present selling price we should be called upon to pay at least £10 per acre. The present rental for its use as accommodation land is 25s. per acre. Manifestly this would not be a profitable business for the owners, and the only way out of the difficulty would be to reduce the selling price. The owners of all other similar property in the neighbourhood would find themselves under the same compulsion, and the net result would be the reduction in the selling price of building land on the outskirts of every town to a price just fractionally above its value as accommodation land. Vacant land in the centre of towns, at present unratred, would, under the same economic pressure of the rate on selling value, be brought compulsorily into the building market, and this economic pressure taking place contemporaneously in every large centre throughout the country, would give an enormous impetus to the Building and Allied Trades. This activity in all the Trades associated with the building trade would react on trade everywhere. Business would be brisk all around and the demand for Labour correspondingly great.

Coupled with the impetus given to the Building Trade by the setting free of the land would be the further impetus created by the exclusion from assessment of the value of the building or other improvement. When local rates are 10s. in the £ on the annual value of the building the removal of this burden would give as much relief to the tenant as would be given if at least 40 per cent. of the capital required for the building were provided free of interest. The removal of this burden would cheapen houses for the tenant, and would give much more general relief than providing houses under a Municipal Housing Scheme at an uneconomic rent, subsidised by the State. Builders everywhere would be encouraged to make full use of the site without the certainty, as at present, of being penalised for every pound they spend.

If we now turn to the Mining Districts we shall find the same argument will hold good. Again, I will give an example in which I have been personally interested. The property in question was acquired as a residential property, and soon after its acquisition valuable stone was discovered beneath the property. This stone was the free gift of Nature to all mankind, but under our British land system the full value became the property of the owners of the surface. Some master quarrymen in the district made an offer for the stone, which was refused, and the stone was withheld from use for twenty years. Had this property, and similar property in the neighbourhood, been rated on its selling value as stone bearing property, the power and incentive to withhold would have been destroyed; quarrymen would have been employed, stone would have been more plentiful, the price would have been reduced, and trade all round benefited. The same thing would apply in the Coal and Iron districts. A friend of mine, associated with a Colliery Company, was prepared to spend £50,000 in developing a coal mine, which, when opened, would have employed 200 men. The whole transaction was held up on account of not being able to come to terms with the Royalty owners on the question of Royalty. If the value of the *mining rights* had been assessed for the local rates the Royalty owner would have found himself under an obligation to find the money, which would have made him even more anxious to complete the deal than the men who were proposing to invest the £50,000 in colliery plant. It is difficult to get comparative figures as to the Royalties on coal and iron paid in this country, compared with what are paid by our Continental competitors. In a pamphlet on the subject, published some years ago, the figures indicate an average Royalty in this country on pig-iron (including the Royalty on the coal used in the smelting) of at least 4s. 6d. per ton. The average given for France and Germany was from 11d. to 13d. per ton. Here we have an adverse burden on the British Iron and Steel trades of about 3s. 6d. per ton. The main reason for high royalty in this country is the power of withholding mineral bearing land from use. Assess the value of *mining rights* for contribution to local rates, and this power of withholding land for a monopoly, royalty would disappear.

Land now largely used and rated as agricultural land, or sheep runs, at a mere nominal figure, would, under the pressure of the rate, come under development as mineral bearing land; a big demand for the labour of miners would be set up; the price of Royalty would come down, a heavy burden would be removed from the iron and steel trades, and a great impetus be given to trade generally. Surely from this it will be seen that the Land Question is something much more than a question of growing more cabbages and potatoes.

But now let us turn to the rural side of the question, and see the effect of the new rating system on the problem of Small Holdings. The man who desires an allotment or small holding is usually prepared to pay a somewhat higher price for the land than the price that is paid per acre for a large farm. When the land is wanted for allotments or small holdings the price that the small holder is prepared to pay should become the basis for assessment for the local rates. This would create a ten-

dency to bring the land into use for more intensive culture, and would absorb more labour in the rural areas. But the main advantage to the allotment holder or the small holder would be that access to land would give him economic freedom by making him independent of the employing farmer, and at the same time it would give him a negotiating power in regard to wages, which he does not now possess, if he did prefer to work for the farmer. In other words, it would establish for him a *natural minimum wage*, far more satisfactory than any arbitrary minimum fixed by Act of Parliament. The labourer could employ himself and retain the full product of his labour after due allowance had been made for rent and interest on any capital he might require. The wage he could thus make for himself would convert him into a better customer for the products of the secondary industries in the towns, and, incidentally, would go far to a solution of the housing difficulty in the country by putting him in a position to pay an economic rent for his cottage. The rate on land values would also make land available for the building of cottages.

These economic effects of the new system of rating in the rural areas would check the yearly emigration of thousands of men from the country to the towns, which, coupled with the absorption of labour in the Mining Districts and the building and allied trades, would prove the true solution of the problem of unemployment. The competition which has hitherto existed amongst workers for employment would be reversed and the competition would then be amongst employers for workers. This would be Labour's opportunity to negotiate through the medium of the new Industrial Committees for the full reward of its services rendered in production.

Labour has not had its full share of production in the past. We must frankly admit that some employers of labour have been guilty of the shortsighted policy of "pulling down piece rates" when the wage appeared to be getting too high. This has been the principal cause of the widespread belief in a "ca' canny" policy, which has established itself in the minds of Trade Unionists. But there is another cause for this faith in the doctrine of the limitation of output, which is based upon the belief that when a worker produces to the full what is reasonably within his capacity, there is a danger that he is robbing a fellow worker of a job.

The solution of the problem of unemployment by placing the worker in a position to resist any attempt to pull down piece rates, and by removing the fear of robbing a fellow worker of a job, is the most effective and hopeful method of securing the cordial co-operation of Labour in the fullest possible production of wealth, when industrial conditions revert to the normal after the War. We hear a good deal of talk in these days about giving Labour a satisfactory "status" in the industrial life of the future. The only status that is worth anything to any man is the Status of Freedom. Economic freedom in the secondary industries depends upon economic freedom in the primary industries, and economic freedom in the primary industries depends upon equal access to land. The right of equal access to land is the birthright of all mankind; the denial of this right is a great social injustice from which springs unemployment, low wages, undeserved poverty, stagnation of trade, and manifold other forms of social disease. These are the fruits of injustice at the fundamental base of social life, the substitution of economic justice as the basis of society would bring about business activity and general prosperity.

To those who previously have not given serious attention to the question it may seem an extraordinary thing that an apparently *small* reform of our rating system should bring about such great results. But the rating reform is only the *means* to an *end*—the end is the restoration of Justice by the restoration to every man of his natural right to an equal use of the free gifts of nature. Is it a small thing to substitute justice for injustice as the fundamental basis of social and industrial life?

The problem I set out to prove was the Relationship of Land to the Industrial Situation of the Future. It is difficult in a limited time to do more than to create a desire for further study, but I hope I have said sufficient to justify my assertion that the land question has a very direct bearing upon the problem of the "Fullest Possible Production of Wealth" and upon the question of establishing a Satisfactory "status" for labour in the new conditions of Industrial Life which confront us.

At the close of his lecture Mr. Smithson showed to the Club a number of very interesting diagrams taken from Louis F. Post's "Outlines of Lectures on the Taxation of Land Values," published by THE PUBLIC, Ellsworth Building, Chicago, and which may be obtained from Mr. F. Skirrow, 71, North Street, Keighley, price 1s. 6d., post free.

[We are indebted for this report to the printed proceedings of the Bradford Business Science Club.—ED. L V.]

## WHY NOT REFORM OUR REFORMS?

BY ETHEL WEDGWOOD

(Part of an Article in *The Independent Suffragette*, April, 1918.)

British women have received the vote—some of them—and in accordance with the best traditions of the Mother of Democratic Parliaments, *i.e.*, with as few sacrifices as possible to logic or general principle.

Having now won this symbol of Liberty, what do we propose doing with it? A babel of political programmes answers the question, and issues from an army of efficient women well-trained in parochial and municipal affairs, and all longing to spring-clean these Augean stables which hitherto they have only been allowed to "tidy up." Legislation against Drink, Legislation against Vice, extended Compulsory Education, more Sanitation, Motherhood Endowment, Prison Reform, Cows and Crèches, Taxation of the unduly Rich, State patronage of the unduly Poor; to every reform a Royal Commission and another Government Department, on all of which women will now find their share of power and activity.

How wearisome a tune it sounds among the fresh voices of the coming Resurrection! Are not we a little weary of these "stunts" of the Mere-Man Age? And cannot that new spirit which has forced even legislators to revise the relation of the sexes devise some better interpretation than Acts of Parliament for the thoughts and hopes that, all the world over, are whispering among the young generation during this last great crisis that is the death agony of the old world? The young spirit is revolutionary; it will overleap fresh barriers as it already mocks established ones. It is also creative, and its genius demands freedom and unbounded room to work out its new designs. We think ourselves progressive when we lead along the old roads of reformation and advanced thought; but our cherished reforms will be the stumbling-blocks of the New Age, unless we revise our whole reading of the social sciences and re-write, amongst other things, our books of economics. To do this a little hard thinking is necessary on independent lines;

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and lately women have been so much occupied in invading fresh fields of action that they have been content to adopt even their revolutionary ideas ready-made. . . .

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As a practical School of Economics, State Socialism (in which one may include programmes for social reform of all the political parties) was a natural result of the total breakdown of the Manchester economic principles, to which Liberals and manufacturers adhered a century ago. This doctrine of *laissez faire*—*i.e.*, of unrestrained exploitation and competition—absolutely failed to satisfy the ordinary claims of conscience or to cope in any way with the gigantic evils being reared by "big business" methods; and in revulsion against its cold impersonality (that cloaked the grossest selfishness) reformers rushed into a much more human, if mistaken, meddlesomeness, and set loose the floodgates of social reform.

As a matter of fact, "Manchesterism" failed, not because its reasoning was fallacious, but because its major premise was not a fact. It assumed that the individual worker was free, whereas he was the slave of monopoly; and modern schools, while projecting many ameliorations to this slavery, offering him a change of masters, have not seriously planned nor believed in his emancipation.

Individual liberty has always—except for isolated thinkers like William Morris—been a mirage, and æsthetic preference not a practical economic possibility; and, therefore, social reform for the last hundred years has tended to restricting individual liberty rather than to enlarging it.

Yet, more and more this thirst for liberty increases and grows with repression. Three years ago a Liberal journalist proclaimed that the days of individualism were over. I wonder whether he would reassert it now after three years experience of "Dora," and with the mutterings of "Young" Europe in his ears? It is time we re-examine the old assumptions and see whether individual liberty is not, after all, a social and economic possibility, before it sweeps over us in the form of anarchy. Henry George, the founder of the Single Tax School of Economics, declared forty years ago that it was not only possible, but the only basis for a flourishing commonwealth, and that the root of all our social troubles lay precisely in that lack of individual freedom caused by the private ownership of land—taking "land" to cover all those sources of wealth and material for labour that the earth contains. He contended with sound arguments and data that if this primary monopoly of the source of wealth and work were abolished, we should have no need for further interference, and that all men might be not only comfortable but also free.

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