

more, to realize this grandiose idea we should need a formidable emperor like Peter the Great, as well as collaborators of a very different type from those who surround Nicholas II. We should have to reform and revivify institutions whose supremacy runs back through the centuries, such as the State Council, the directing senatorial body, and all the ministries.

My conclusion, therefore, is that your idea is as far-reaching and sympathetic as it is impractical. Clearly, we are living in a terrible period that demands immediate practical reforms; but where to begin? "That is the question." We are vexed with the question of public instruction and the teaching personnel, with the labour problem, the incompetent bureaucracy, the general passion for profit, excessive militarism, depraved morals, and so on, and in the face of all these you propose raising the agrarian question again. You run the danger of being the only soldier on the field, because even those who share your ideas will hesitate when it becomes necessary to pass from theory into practice. Our society seems to me so thoroughly rotten that convalescence is only possible by a united and gradual effort on the part of the different government departments.

To my mind, the autocracy can only be saved if its responsibilities toward a people of one hundred and thirty millions are limited and if the number of ministries is increased. One explanation for our evil condition is that it is extremely old. In the course of the nineteenth century life and the exigencies of life marched forward, but our institutions scarcely budged. Only when all of them have been reformed shall we be able to think of the complicated question you raise, and then perhaps men will be found who are capable of realizing this magnificent idea.

Yours affectionately,

NICHOLAS MIKHAILOVICH.

## COAL ROYALTIES AND LOCAL RATES

Commodore King, in reply to Mr W. M. Watson in the House of Commons on 8th May, stated that in the six months ended March, 1928, the coal mines in Scotland had paid £108,000 in local taxation or 1.46d. per ton of saleable output, whereas in the same period the royalties to landowners had been £453,000 or 6.13d. per ton.

On 7th May, Commodore King informed Mr Cape that in the six months ended March, 1928, the local taxation on coal mines was £16,800 or 3.22d. per ton. In the same period the royalties were £45,000 or 8.60d. per ton.

On 2nd May, Commodore King provided a return as to local rates and royalties in the principal colliery districts and in Great Britain during the six months ended 31st December, 1927, except that the figures for South Wales and Monmouth related to the six months ended 31st January, 1928.

This showed that the local taxation amounted to £1,448,000 or 2.8d. per ton of saleable coal raised, while the royalties amounted to £2,966,900 or 5.74d. per ton.

The figures for South Wales and Monmouth were £346,800 in local rates or 4.31d. per ton and £771,600 in royalties to landowners or 8.43d. per ton.

The Government's scheme of subsidizing the coal mines with grants-in-aid of rates collected from transport and consumers by the protective tariff on imported petrol, will assuredly "safeguard" the tribute levied by landowners. It is easy to see where the real relief to the coal industry is to be found and who should pay.

**The "Land & Liberty" Sustention Fund invites your support.**

## MR SNOWDEN ON THE LAW OF RENT

(From a contributed article in the "Daily Herald" 14th May)

May I give a simple illustration to show how the law of economic rent operates? Take two plots of land of equal area, but of very different fertility owing to natural situation. The same amount of labour employed on the two plots will give very different results in the return. The difference is economic rent, and it is this which the landowner exacts from the user as rent.

Rates have to be paid before there is any net return to the user of the land. The amount of rent he can pay is determined by the charges he has to meet before there is a net return for his labour. Land cannot be increased in area, and this gives it a monopoly value.

When a would-be tenant is considering if he will take a farm he calculates the charges he will have to meet, and rates are an important consideration. If they are low, or non-existent, as they will be under Mr Churchill's plan, this aspiring husbandman takes the fact into account, and he can afford to pay a correspondingly higher rent charge.

### INTO LANDLORDS' POCKETS

This is the ground for the absolutely sound contention that rate relief must sooner or later lead to an increase of rents—or, in other words, that the Exchequer contribution from taxation to the relief of local rates on land must eventually find its way into the pockets of the landowners. This truth was admitted when it was enacted in the Corn Production Act that the landlords should be legally prohibited from raising rents during its operation.

Under Mr Churchill's plan, all land and buildings used for agricultural purposes are to be wholly exempt from rates. No contribution whatever is to be made by this industry for the benefit it derives from the provision of roads, markets, and other services, without which the land would be valueless. Other ratepayers and taxpayers have to bear these charges for a benefit to agriculture which is reaped by the landowners.

But one of the gravest scandals in connection with this derating of land is the fact that vast areas of land, now in agricultural holdings, have a high and rapidly increasing value for building purposes. This land is now to be freed entirely from rates. It will pay the owner to hold it back until he can get a higher price.

### ROBBERY OF THE PUBLIC

Local municipal expenditure, provided by the other ratepayers, is adding to the value of this land, and, when it comes into the market, the owner will pocket the whole of the unearned increment. The future users of this land for residential purposes will be burdened for all time under this system with the tribute the landowners have levied on them.

Mr Churchill, by his proposal to relieve this land of all rates, is adding to the injustice which he, as much as any man, has denounced as a system of robbery of the public.

The true lines of rating reform lie in two directions—to adjust the contributions fairly between the National Exchequer and the localities, and to assess the local rates upon economic rent.

The latter reform, which is advantageously in operation in many other countries, will relieve productive industry and transfer the maintenance of local services to a social product. Economic rent is not the creation of individual but of collective effort, and, being such, it is justly the property of the community and should be used to finance common services.