

of wealth but on the contrary are anti-productive in their effect.

By far the greatest privilege is the private ownership of the earth. Consider the utter futility of trying to effect a fair distribution of the wealth produced when a privileged section of the community is standing on the side lines armed with the deeds of the earth and consequently the power to appropriate (merely for allowing the producers to use the earth) much of the wealth produced.

Mr. BOORMAN said:

As we know, there are three factors in production—Land, Labour and Capital—and we know that when man, with the assistance of capital, applies his labour to land he produces wealth. We know also that the wealth so produced is by the nature of things divided or apportioned between these three factors in production. Land takes rent, labour takes wages and capital takes interest. It must be remembered that the amount apportioned for rent in effect ascertains itself and what is left after taking out rent is divided between labour and capital. The amount left for labour and capital can be comparatively large or small according to the quantity of wealth that can be produced on the poorest land in use, or, as we say, at the margin of production.

You may well ask what this has to do with Automation. Capital in the form of buildings and machinery enables man to apply his labour to land more effectively, and improvements in buildings and machinery enable him to produce more wealth with the same exertion or the same wealth with less exertion. It enables him more easily to satisfy his desires. As Automation advances, new desires arise in their turn to call for satisfaction. Therefore, man can produce hitherto undreamed-of wealth with very little exertion and satisfy hitherto undreamed-of desires. It is possible with Automation for every man to gather around him gadgets galore and material comforts unknown to King Solomon.

No one will deny that the masses of people, at least in civilised communities, from a material point of view are better off than ever they were. Although other factors have influenced this result the main reason is that Automation has enabled more wealth to be produced.

Under our present system, which permits private appropriation of land rent, it is essential that there be constant improvement in the means of production in order to maintain the better living conditions of the majority of people. I shall quote a particular example:

Some years ago a man owned several dairy farms on the North Coast, the tenants of which had 3-year leases. Whenever a lease expired and came up for renewal the landlord, who had himself been in the industry, examined the returns for the sale of milk and cream in order to assess the rental for the next term and as production increased so the rent increased. Each year the buildings grew older, yet the improvements made originally by the owner depreciated and if the tenant worked more efficiently or had the assistance of Automation in the form of milking machines, tractors, transport, electricity and better roads and the science of pasture and herd improvement and thus increased his production, up went the rent. The tenant was little better off than before except perhaps that his physical labour was lessened.

It should now be obvious to all that the standard of living of the masses of people can be maintained only whilst Automation constantly keeps ahead and that until land rent is appropriated for community, the real benefits of Automation can accrue ultimately only to those in whom the ownership of the earth is vested.

ON SUCCEEDING PAGES

Labour Party on Equality and Freedom	68
Scottish Law Still Landlord Law	70
Land Valuation in Denmark	72
Setting the Pace in Auckland, N.Z.	73
Permitted under South African Legislation	74
Exposure of a False Contention	75
Two Australian Episodes	75
Local Taxation Reform in Jamaica	76
Africans Also as Land Grabbers	76
One of Richard Cobden's Historic Speeches	77

SOCIALIST PLANS FOR HOUSING

In their publication *Homes for the Future*,* "A Socialist Policy for Housing," the National Executive of the Labour Party make proposals for submission to the Annual Conference of the Party being held in Blackpool in October.

The extent of the problem is indicated in the following facts derived from official sources, and cited in an appendix. More than 7¼ million of the 14 million houses and flats in Great Britain are rented from private landlords, and of that number some 6 million are subject to rent control. More than 2¼ million dwellings are more than 100 years old and a further 2½ million are more than 60 years old. Nearly 7 million households are without a fixed bath; 3 million share or are without a water closet; 2 million share or lack a kitchen sink and more than 1 million share or are without a cooking stove. Nearly 1 million dwellings have been officially scheduled as slums and less than half of these will be demolished in the next five years. It is pointed out that despite the nearly 4,000,000 new houses built between the wars and the 2,307,244 new flats and houses provided since the last war ended, serious overcrowding persists. The pamphlet accepts as an absolute minimum a figure of 750,000 as the number of dwellings now required to provide separate accommodation for every family that desires it.

To meet this state of affairs, the pamphlet makes a series of proposals, chief among which are:

1. Municipal purchase of all slum property and of all privately owned rent-controlled dwellings.
2. Local authorities to see to the repair and modernisation of the dwellings so acquired; and the temporary repair of such slums as are not likely to be demolished in the immediate future.
3. To promote home ownership, all local authorities to be required to advance cheap long-term loans.
4. Facilities to be given to enable certain leaseholders to secure the freehold of their houses.

The outcome of those proposals is that in most places, the local authority would become the only landlord of tenanted houses, excepting for houses wholly or partially owner-occupied and those owned by non-profit-making housing associations. On the other hand, local authorities would be empowered to acquire also tenanted houses that are not subject to the Rent Restriction Acts.

Once the local authority acquired any property, tenants, it is stated, would lose all the protection they have to-day under existing law with regard to rent restriction and security of tenure; but, it is added, safeguards would be provided ensur-

* The Labour Party, Transport House, London, S.W.1. Price 9d.

ing a certain measure of rent control and secure tenancy. So much for the "municipalisation" proposals.

For the promotion of home ownership it would be obligatory upon local authorities to grant mortgage advances of 100 per cent of the value of the property, at long term and at a low rate of interest. Loans would be allocated on evidence of housing needs and the borrower would have to agree to modernise the house, contribute to a repairs fund, and give the local authority the first opportunity of purchasing the house at a price to be fixed by the District Valuer, if this home owner subsequently wished to sell.

Leaseholders of flats and houses which would normally fall within the provisions of the Rent Acts would be given the right to purchase the freehold when the lease expires, with obligation upon him to improve the property where necessary. For these purposes, he would be able to borrow on mortgage from the local authority as well as receiving an improvement grant.

The financial aspects of these housing proposals are treated very cursorily. No estimate is given of the cost of all those purchases, or of the repairs and improvements and the service of the loans; nor where the local authorities or the Treasury are to get the money to make the payments. It is stated that there is to be "fair compensation" to existing owners and the formula runs thus: "The value of houses taken over will be that of the property as an investment with a rent-controlled tenant in possession; account will be taken of the net income obtainable by the landlord and the condition of the property and its probable length of life, if it remained in private hands. Thus, as a whole, the actual operation involving the acquisition of these houses as distinct from their improvement will be self-financing. Once the capital value has been assessed, payment can be made in several ways, either by the issue of stock, by terminable or life annuities, or in cases where only small sums are involved, by a single cash payment." In a round sentence, "action must be taken" to reduce the burden on the nation's housing programme imposed by the present high level of interest charges, but no word is said as to how. New houses would be subsidised by the Treasury and the local authorities.

As we look at these proposals, we can see that they would bring in their train social and economic consequences more disastrous even than the problems they affect to solve. The solution lies in removing the obstacles that stand in the way of house construction. First, there is the monopoly price of land; secondly, there is the taxation and rating system which not only endows and protects that monopoly but throws its burden upon houses and their component parts; thirdly, there is the poverty which prevents so many people from buying or renting decent homes; fourthly, and just because of that poverty, there is the concurrent compulsion upon house owners to accept rents that cannot possibly meet the costs of construction and upkeep, so that new houses are not built and old houses run to rack and ruin. All this demands the break-up of the land monopoly thereby at the same time raising real wages; the repeal of the taxation that is levied on buildings, including the tariffs, purchase taxes, etc., that raise the prices of most if not all building materials; and certainly the sweeping away of slum-making Rent Restriction Acts.

But the proposals we are examining look in anything but these directions. On the contrary, a vast and suffocating monopoly of rented accommodation would be established. New building would only be at huge cost to the community and old buildings that ought to be demolished would have to serve for many years to come, their patching-up borne by the

taxpayers in general, through the Treasury and the local authorities. In the financing of this scheme of things, further inflation could not be avoided. And over all, the present unjust and repressive local rating system would continue unchanged—at least the authors of this document offer no demonstration against it.

At the bottom of the housing problem is the problem of low wages. Passing references in the pamphlet recognise the inability of many people to pay an economic rent for their homes. Yet they ignore the cause. They appear to accept poverty as a natural and intractable phenomenon, basing their proposals on the tacit assumptions that the mass of people in Britain always will be poor and that property owners always will be callous and avaricious. They denounce the "profit motive," apparently failing to realise that this natural force may be used constructively and beneficially as well as anti-socially. Of course, property owners expect to receive an income—a "profit"—from their investments; their flats and houses would not have been built but for the prospect of that return.

Statesmanship demands that the problems of low wages be plucked up by the roots, and that done, people could and should pay the market rent for the premises they occupy. Many derelict premises would be improved or replaced and new homes would be built without direction or subsidies or the need for municipal or State intervention. We have to acknowledge, however, that festering slums persisted long before rent restriction was ever heard of, from which it follows that the mere repeal of the Rent Acts will not suffice. The other stated obstacles remain. Clearly, the construction of new houses, whether to own or to rent, would go ahead swiftly and sweetly, if there were a thorough-going reform of taxation, rates and taxes being levied on the value of land whether used or not (making land cheap), houses and other improvements being exempted from taxation (making them cheap) and freedom of trade taking the place of the parasitic and price-raising system of indirect taxation which both industry and the working man suffer to-day.

Solution of the tragic social problem under review rests on nothing but the extension of freedom under which, enjoying equal opportunity, human beings would experience no more difficulty in building their habitations than do the birds in building their nests.

P. R. S.

TOWARDS EQUALITY AND FREEDOM?

The Labour Party's recent pamphlets* entitled *Towards Equality* and *Personal Freedom* are a credit to the Labour Movement. How often does any party re-examine its principles and methods? How encouraging to find one doing so.

"Equality," "Personal Freedom," "Social Justice"—words too many lawyers and politicians, traders and trades union-men use every day without ever knowing their meaning or caring to discover it. Those in the Labour Party who were responsible for this programme of re-examination and declaration of fundamentals will be greatly responsible for whatever immediate progress is made by the British people toward greater freedom, no matter which party is the actual instrument. For to make people *think* is the first thing. These pamphlets and the discussion notes which accompany them should cause a lot of heart-searching in other quarters and may well stir up a hornet's nest in the Labour Party itself.

* 9d. each. The Labour Party, Transport House, London, S.W.1.