

they produce, though how this is going to increase the quantity they can purchase, so long as the tributes on their labour remain, passes the wit of man to see. To increase what they can demand they must increase what they have to offer—no supply without demand and no demand without supply. Mr. Withers locks the door when the steed is gone. We wish he had shown a way to stop the robbery. Was not John Ruskin right when he said:—

“The question is not how a man spends his money but how he gets it”?

This is the question which is pressing for an answer and which our politicians and publicists will not touch or only write round about. The calamity is upon us, and old-time arguments dressed up to suit the occasion are being put forward to lead us back to positions long since abandoned. But this bottom question remains: How does a man get his wealth? Not till that is answered shall we know why labour does not get its share, and when it is answered we shall discover how intimately is bound up with it the unlocking to all of the natural resources of the land. The way will then be open for a lasting solution of economic problems.

W. R. L.

ORGANISED CHARITY

(Percy Flage in the SINGLE TAX HERALD, Philadelphia.)

Not long ago the good people of your Charity Organization Society held an educational exhibit on Chestnut Street. One of their signs invited me to “put brains into charity.” Perhaps I have no brains, for it is clear to me that charity is a nuisance, a disease of which society should be ashamed. Few people listen to me.

It appears to me that charity is due to poverty; poverty is due to lack of goods; goods are made by labour applied to land; there is unemployed labour and unused land; if unemployed labour be allowed to use the unused land it can make goods, and will not need charity. The C.O.S. may then disband and do useful work. As for me, they will not be sending me hurry calls for help every little while.

That’s a glorious program. And every step as logical as Euclid! I put it up to one of the C.O.S. men and showed him that it was as easy as rolling off a log, but he said there was a flaw in my reasoning; the land was owned by men who would not use it; nor would they allow any one else to use it. What a strange custom for a City of Brotherly Love!

Then I reasoned with him and showed him (or thought I did) how a few doses of single tax applied to vacant land would solve the problem; would unlock land, unchain labour, and would allow the C.O.S. people to engage in production instead of being an expense to Philadelphia.

The C.O.S. man did not answer my argument; he simply looked weary. He said: “You’re a theorist!” I acknowledged I was trying to put brains into charity. But he had no time for me; he turned away and asked contributions from charitable people who never put brains into charity, because they haven’t any to spare. It is easier for such people to give money than to think. He said they were “practical.” But it struck me that they were not arriving.

That was a good sign. If the world would take the advice there would be no more charity—Charity is a disease—a dangerous one. Why not stamp it out? We have conquered smallpox—that’s almost as bad. Try single tax—there is hope! Please don’t think I am trying to sneak a patent medicine ad. into your “Mail Bag.” It is not patented, and my advice is not copyrighted.

THE KEY TO SMALL HOLDINGS

BY

James Dundas White, LL.D., M.P.

The war has brought home to us the importance of making better use of the land, and various schemes for small holdings have been put forward, most of them based on land-purchase, and some of them having but little regard to price. There is, however, a better method of securing to the small holder the conditions which make for success. What these conditions are may be considered first.

Conditions of Success.

The small holder must not have to pay too much for the land. If he has to pay too much for it then, whatever form that payment may take, his undertaking is waterlogged from the outset. The amount which he has to pay for the land may make the difference between failure and success.

The small holder requires secure and continuous possession of the land. As Arthur Young wrote more than a century ago, “Give a man the secure possession of a bleak rock, and he will turn it into a garden; give him a nine years’ lease of a garden, and he will convert it into a desert.”

The small holder should be able to make whatever he considers the best use of the land, free from any restrictions except those which are imposed by law for the general good. He should be able to realise his interest at any time and in any way, free from restrictions on transfer. He should have every opportunity of developing the land, free from the disadvantages of being rented or rated or taxed on his improvements.

The Fundamental Rule.

The first step is to base the valuations for rating and taxation on the selling value of the land alone, or at least to do so as far as we can. On that basis, those who hold the land should be required to pay for it, whether they use it or not. The adoption of this fundamental rule is the key to a satisfactory system of small holdings. The pressure of the obligation to make continuous payments would soon induce those who are holding land idle, or without using it adequately, either to use it themselves or to dispose of it to others.

Land on Reasonable Terms.

The amount which has to be paid for particular portions of land depends largely on the available supply of land, and at present that supply is narrowed by the holding back of a considerable quantity of land which might be used if it could be obtained on reasonable terms. The proposed system of taxation would put a stop to this withholding of land and would increase the available supply of it, so that land would be cheaper than it is now.

Continuous Tenancies.

Where the man who wants the land is not in a position to purchase it and can only pay a rent for it, the continuous liability of the landlord to pay the tax would incline him towards a continuous tenancy at a continuous rent. In Scotland this could be arranged easily in view of the system of feuing and of the facilities afforded by the Small Landholders Acts. In England it

might take the form of a lease for a long term, as sub-infeudation is still forbidden by the statute *Quia Emptores* of 1290. That statute might with advantage be repealed, or facilities might be allowed for the granting of perpetual tenancies at perpetual rents.

Freedom from Restrictions.

Where the tenancy is continuous, it is to the advantage of the tenant to use the land steadily and well; any improvement is to his own benefit, and any waste or neglect to his own hurt; he will not transfer his interest unless he gets a fair price for it; and his successor becomes subject to the same conditions. Thus there is little or no need of the restrictions which have to be imposed in terminable tenancies in order to prevent the tenant who has only a fleeting interest from working the land to exhaustion and then transferring the fag-end of his lease to some "man of straw."

Unexhausted Improvements.

The holder under a continuous tenancy can also realise the market value of his interest at any time, and has no occasion to seek compensation from the landlord for unexhausted improvements. Provisions for that compensation have been provided to combat some of the disadvantages of terminable tenancies; but this tinkering is not sufficient. The improvements made by the tenant for his own requirements are generally worth more to him than to anyone else; the classes of improvements for which the landlord can be expected to give compensation in the absence of previous agreement are necessarily few; and if the landlord declines, as he reasonably may, to have anything to do with other improvements the system breaks down. It would be much better to let the tenant have the land on a continuous tenure, and to enable him to realise the value of his improvements at any time by selling his interest in the open market.

Methods of Payment.

If a continuous tenancy includes land and improvements, both might be paid for by a continuous rent, or the improvements might be purchased by the tenant in the most convenient way—probably by instalments spread over a term of years—and the land might be paid for by a continuous rent. For the reasons given, that rent would be fair at the start, and provision might be made for having it readjusted from time to time, if that were desired by the parties.

Advantages of Continuous Tenancies.

A continuous tenancy at a continuous rent has many advantages. It can be brought into being at once; it can be arranged directly between the man who has the land and the man who wants it; and there is no need of recourse to public funds. What the small holder requires is not the ownership of the land but the "secure possession" of it. If he has sufficient money to purchase it, there is no objection to his doing so. But the vast majority of those who require small holdings are poor men, and the money they have will be better laid out in developing the land than in purchasing it. So long as they have "secure possession" of the land, their best plan is to pay the annual rent out of the annual yield.

Disadvantages of Land-purchase.

Any system of purchase which involves recourse to public funds or public credit has many defects. It

involves delay, necessitates circumlocution, and brings in the taxpayer to finance, and probably to endow, the transaction. If the price is too high, or if a bonus has to be paid to the landlord, there will either be a dead loss to the taxpayer, or an excessive charge on the small holder which will go far to defeat the purposes of the scheme.

Deceptiveness of Land-purchase.

Land-purchase is also deceptive for this reason, that the small holder remains for practical purposes a tenant until all the instalments are paid, and in order to make the system workable they are generally spread out over about fifty years. If the holder dies or becomes unable to work the land before all the instalments are paid, the arrangement is dislocated so far as he is concerned, and his uncompleted interest may have to be sold at a heavy loss.

Revival of Difficulties.

Even the completion of the purchase does not solve the problem, because the chances are that before many years the small holder or his successors will wish to dispose of the land, and then the difficulty of purchase will have to be faced again, except in the unlikely event of some would-be holder having the necessary capital and being willing to apply it to the purchase of the land. Ownership, indeed, is a clog on transfer, because there are many who can purchase the interest of a tenant, but comparatively few who can purchase the ownership.

What Small Holders Desire.

The movement for land-purchase does not come from intending small holders. Notwithstanding all the inducements offered for purchase in section 11 of the Small Holdings and Allotments Act, 1908—that four-fifths of the purchase money may remain outstanding and one-quarter of that may remain as a perpetual rent-charge, the remainder be paid by instalments spread over a period of fifty years—it has been stated officially (House of Commons, 16th March, 1916) that of the 43,245 applicants for small holdings between the passing of that Act and the end of 1913, the last year before the war, only 793, or less than 2 per cent., expressed a desire to purchase. Most of the men who want small holdings know perfectly well that the easiest terms for them are "secure possession" at a fair rent.

The Canker of Mortgaging.

Another disadvantage of land-purchase is that it prepares the way for mortgaging, which gradually reduces the small owner or peasant proprietor to the status of a tenant to the mortgagee, and brings back the old evil in a worse form. The process was thus described by Sir Antony (now Lord) MacDonnell, speaking in Dublin on 12th February, 1903:—

"I myself have no faith in a peasant proprietary unless protected against the evils incident to that system of land tenure. We have all read about, and some of us perhaps have seen, the working of the peasant proprietary system in Europe. I myself have had wide experience of the analogous systems in India, and my experience has always been the same. Everywhere the gradual declension of the peasantry from prosperity to ruin has been repeated. The process is this—First, there is a period of prosperity, with a rise in the standard of

comfort; then follows indebtedness, slight at first, but ever growing with the facilities which are readily afforded by the usurer. Next comes mortgages, and then comes sub-division and sale to meet the mortgagees' claims. Finally comes the crash; and the grandson of the tenant-proprietor becomes the sub-tenant on his former patrimony, while the usurer becomes the rack-renting landlord." ("Irish Times," 13th February, 1903.)

He also quoted an article from the London "Times" about a week before, on the similar effects of indebtedness on peasant proprietors in Italy, which stated that in the Neapolitan provinces alone, through foreclosure of mortgages, the Banks held more than £2,000,000 worth of landed property.

France.

In France the experience has been the same. Speaking of the peasant proprietors there, Mr. A. E. Pratt says:—

" 'Proprietors' they may be in name, but few of the peasants hold their land free of mortgage, and many of them are heavily indebted besides. They not only cultivate the soil under the most laborious of conditions, but they must meet, as best they can, the demands of the State, the usury of the money-lender, and also the fees of the lawyer who fattens alike on the land transfers and on the quarrels and lawsuits. 'Of the 8,000,000 proprietors in France,' wrote Mr. Lecouteux when Professor of Rural Economy at the Institute, '3,000,000 are on the pauper roll, exempt, that is, from personal taxation'; while the remainder, at the period of which this authority speaks, 600,000 proprietors paid contributions to the State amounting to only five centimes each. 'Getting rid of one order of landlords and their rents,' adds M. Lecouteux, 'they have subjected themselves to another, though invisible, order—the mortgagees—and to their heavier and more rigid rents.' " ("Transition in Agriculture," 1906, p. 234.)

Denmark.

In Denmark also the same defects have developed. Again to quote Mr. Pratt's work:—

"In regard to agricultural education and organisation (Denmark) has certainly secured remarkable results; but when one comes to look more closely at her much-boasted system of land tenure, one finds some of the darker lines of an otherwise pleasing picture. Nominally, the peasant proprietors who constitute so important a section of the Danish people are 'freeholders'; practically, they are saddled with a mortgage debt estimated at about £60,000,000, and representing 55 per cent. of the value of their farms, with buildings, stock, and improvements." (p. 240.)

This has been confirmed by Mr. (now Sir) Henry Rider Haggard. In "Rural Denmark and its Lessons," 1911, after commenting on the appearances of prosperity among the Danish farmers, he goes on to say:—

"On the other side of the account, however, must be set the fact that these freeholders—for I believe that over 90 per cent of the Danish farmers own the land they work—are considerably mortgaged. Probably it would not be too much to say that on an average they have borrowed up to half the value of their estates, which, if my memory serves me, is almost the limit to which the Credit Unions will advance." (p. 177.)

Ireland.

With reference to land-purchase in Ireland, it may be noted that section 54 of the Irish Land Act of 1903

prohibits the mortgaging or charging of a holding, except with the consent of the Land Commission, "for any sum or sums exceeding in the aggregate ten times the amount of the purchase annuity," and invalidates a mortgage or charge (except a charge under the Public Works Act) unless registered within a certain time under the Local Registration of Title (Ireland) Act, 1891. That proportion still leaves a considerable margin for mortgaging, and these provisions are the less effective because in the cases of *in re Roulston*, 1909, 1 Irish Reports, 306, and *National Bank v. Diffely*, 1910, 1 Irish Reports, 271, respectively, the Courts have held that they do not apply to a judgment mortgage or to an equitable mortgage by deposit of title deeds. The mere fact of such cases having arisen already shows that land-purchase in Ireland—even though it is of recent origin and in most cases the majority of the instalments have yet to be paid—is not free from the dangers which have cankered so many other systems.

The Economic Solution.

Mortgaging may of course take various forms, and it cannot be prohibited without interfering with freedom of transfer, which may prove an even greater evil. The proper course is to aim not at a system of ownership but at a system of tenure. If the holder has to pay a rent for the land continuously, he is practically bound to use the land as a means of production rather than a means of credit, and there is little or no foothold for mortgaging.

Land Taxation and Land Tenure.

The heavy prices which Irish landlords received for their land has helped to make other landlords stand out for similar terms. But much water has flowed under the bridges since the last Land Purchase Act; the valuations under the Finance (1909-10) Act, 1910, have not been without effect; and there is a growing recognition that the people have definite rights to the land in defence of which they are now fighting. Desirable conditions of tenure will not spring up of themselves; but the economic pressure of a tax on land-value, payable whether the land is used or not, would soon bring them about. The key to land tenure is to be found in land taxation. When the rights of the people to the land are properly secured, the conditions of land tenure will become simple and satisfactory.

Private property in land blocks the way of advancing civilisation. The two cannot long co-exist. Either private property in land must be abolished, or, as has happened again and again in the history of mankind, civilisation must again turn back in anarchy and bloodshed. Even now I believe the inevitable struggle has begun. It is not conservatism which would ignore such a tremendous fact. It is the blindness which would invite destruction. He that is truly conservative, let him look the facts in the face, let him speak frankly and dispassionately. This is the duty of the hour. For, when a great social question presses for settlement, it is only for a little while that the voice of reason can be heard. The masses of men hardly think at any time. It is difficult, even in sober moments, to get them to reason calmly. But when passion is roused, then they are like a herd of stampeded bulls. I do not fear that present social adjustments can continue. That is impossible. What I fear is that the dams may hold till the flood rises to fury.—HENRY GEORGE.