

MINIMUM PRICES POSITION OF AGRICULTURE QUESTION OF THE FUTURE

ADDRESS BY MR. J. DUNDAS WHITE, M.P.

Mr. J. Dundas White, M.P., President of the Scottish League for the Taxation of Land Values, addressed a meeting of the League on the evening of Friday, February 16th, at 67, West Nile Street, Glasgow, on Some Recent Proposals of Minimum Prices for Agricultural Produce."

Mr. Thomas Cameron, Chairman of the Executive, expressed the pleasure of the members at having their President with them, and went on to say that most of them would regard a guarantee of minimum prices as a step towards Protection, which they were sure to be up against very shortly in a great many forms, and which was likely to give them a good deal to do in the future.

MR. WHITE'S SPEECH.

Mr. Dundas White referred to the statement of Mr. Prothero and the attitude of a certain section with regard to minimum prices. Before discussing general principles, they must put themselves in the position of the so-called and often miscalled practical men. We must realise that we were in an emergency caused by the war, and under special conditions we might have to take special steps which would not be sound under ordinary conditions, but might be required by the emergency, though they should not be carried beyond it.

THE THIN END OF THE WEDGE.

There was unquestionably a desire in many circles to use this as the thin end of the wedge for driving into our economic system a plan of minimum prices which would probably mean an added burden on the taxpayer. It might be necessary in time of war to do that to get crops sown under difficult conditions, but that should not be carried into times of peace further than was absolutely necessary, and we ought to leave our hands clear for the future. To show how real the danger was he would mention two points. In *THE TIMES* and other papers last November there was a letter written by the Chairman of the Tariff Reform League. The Tariff Reform League committed itself to carry on its propaganda in view of agricultural conditions and of the submarine peril. He took it that that meant a movement either in the direction of Protection or in the direction of subsidising prices. It seemed rather to be the latter.

For nineteen years there had been paid 1½ million pounds a year out of the taxpayers' pockets in relief of agricultural rates. Prices had gone up. During the earlier part of the war farmers were making profits that had never been dreamt of before, but still the 1½ million pounds a year was being handed over in relief of rates. It was one thing to start a subsidy and another thing to get rid of it.

Their fundamental principles of action were that they should make those who held land pay according to its value, whether they used it or not. They should also give free course to improvements by un-taxing and un-rating improvements altogether if they could, and if they could not do it altogether they should do it as far as possible. They wanted to give British agriculture a chance by removing hindrances which now impeded it. Over and above un-taxing and un-rating of improvements, let them take the result from the agricultural standpoint of taxing those who held land on the basis of its value, whether they used it or not. The first result would be to bring a very considerable amount of good land into the market. In England particularly there was much high-class land, used for

parks and otherwise, which might be utilised to a far greater extent than it is.

ECONOMIC CONSIDERATION.

If people wanted large pleasure grounds, he really thought that the least productive lands should be used for them rather than the more productive. One was sometimes inclined to think that in seeking to bring people back to the land and to, particularly, work on small holdings, they had set their minds far too much upon deer forests in remote places and land which was barely worth cultivating, while they had overlooked valuable land near the centres which had much more productive capacity. He was convinced that once land was taxed according to its real value, whether it was used or not, a great deal of higher-grade land would come into the market. That was one of the things they hoped to do. The rent of any land might be described as corresponding to its advantage over the lowest-grade land which was in use. Obviously, if they brought in higher-grade land they would raise the low limit of agriculture and reduce the rents of the still better lands. The key of their plan was that they wanted to reduce the cost of production. The Protectionist wanted to increase the price of the products. He put a duty on the competing produce from outside. And what had he in view? That cultivation would extend through the country to the lower grade lands which had not been cultivated before—to increase the total production, if they liked, but look at what cost. Instead of trying to raise the margin of cultivation it depressed the margin of cultivation, and by doing that it tended to depressed wages all over, because it depressed Nature's minimum wage, which was what a man could win for himself from the worst land in use or from better land, subject to the payment of its rent. It was, in fact, a policy for forcing up rent. Who gained? Take the man who, with his family, cultivated the land in order to feed himself and his family with the produce. Increased prices for agricultural produce were no good to that man because he did not cultivate to sell. And if he has to buy anything for his family, or if his rent goes up, he has everything to lose. Not only so, but when he wanted to supplement what he could win from the land by going out into the labour market, he would find that the depressing of the low limit of agriculture had depressed wages.

DOES THE FARMER BENEFIT?

Did the farmer benefit? It looked like benefit at first, but the increased prices which the farmer got would ultimately be swept off by the increased rent that the landlord got out of him, owing to the forcing down of the margin of cultivation, and he, and the agricultural labourer still more, would find themselves landed with higher rents, lower wages and the necessaries of life more expensive than they were. He mentioned that because it was the scientific basis for what Mr. Joseph Chamberlain said on a famous occasion in 1885, speaking of the Corn Laws which did that very thing:—"The condition of the farmer was never so hopeless, and the state of the labourer was never so abject, as when the corn was kept up at a high value by a prohibitive or protective duty; when it was 64s. or even rose to 120s. a quarter. Even in that time the evidence given before repeated Committees of the House of Commons shows that the state of agriculture was deplorable. The food of the people was taxed to raise the rents of the landlords. None of the plunder found its way into the farmer's pockets." Whatever might happen, the first step was to bring more productive land into use and remove the hindrances to its development, but these were the very things their Protectionist friends and the people who were out for a subsidy overlooked. He agreed the subsidy did not raise the price to the purchaser. It did not take the price out of the purchaser's pocket, but it took money out of the

taxpayer's pocket; and the purchasers, in the long run, were the taxpayers, so it took it out of their pockets in another way. Like Protection, it had the effect of lowering the low limit of agriculture. By lowering the low limit of agriculture, it would let wages slide away down. Also, by lowering the low limit of agriculture, it would enable the rents of the higher grade lands to be increased, and that, again, would hit the man who was cultivating for his own use.

UTILISE THE LAND.

For these reasons they held that any development of that policy, any carrying of it into times of peace, was bound in the long run to do more harm than good. The first step was to grasp the fundamental elements of the land question. It was said a man must have a permanent right to the land. That was what they had been saying all the time. One of the difficulties this country had suffered from was that it had no satisfactory system of land tenure. They wanted a business basis, and they were interested in questions relating to land tenure for this reason. Their object was to utilise the land to the utmost, and to promote its development in every sound economic way by removing every hindrance to its development. They wanted to tax land values. The taxation of land values would increase the available amount of the land and the removal of the tax on improvements would give a greater productive capacity to the land from the commercial standpoint, which was practically equivalent to increasing the amount still further. Similarly, if a bad system of land tenure without continuity of tenure prevented the cultivator from cultivating as he otherwise would do, it was up to them to remove the penalty on improvements, and to see if they could not improve the terms to enable the land to be put to greater advantage, which was equivalent to increasing the available ground.

IMPROVED SYSTEM OF TENURE.

There was another reason why they were interested in this question, because their system was the key to an improved system of tenure. Once they firmly established the fact that the man who had the land would have to pay taxes on its value, whether he used it or not, he would be far more set on getting a continuous tenancy than on getting a short tenancy with a reversion. There was no reason why they should not have continuous tenancies, there was no reason why the Scottish feuing system should not be developed. Under that the feuar had such a permanent right to the land that he was generally referred to as the owner. He paid a feu duty and, subject to the payment of that feu duty, he and his successors in title had the right to hold the land for ever and ever. He did not see why that system should not be applied to agricultural land as well. Under the Small Landholders Act there were excellent tenures; but even these, he thought, were capable of improvement. His point was that they could have secure possession without purchase at all, and it was far better that the land should be paid for each year out of what could be got for it than that the man who wanted the land should have to embark on a purchase scheme. He was up against any system of purchase. There was absolutely no need for purchase. There was no desire throughout the country for purchase, and there was no need of purchase because permanent possession could be got in another way.

MORTGAGING.

A pamphlet was recently issued by Mr. Middleton of the English Board of Agriculture, dealing with the progress of German agriculture, and drawing attention to the fact that many German cultivators were the owners of their own land. But there was no mention of the considerable extent to which these owners had mortgaged their land, and he (Mr. White) had obtained some important information as to that

by a question in the House of Commons. Mortgaging, as they all knew, had been the bane of every system of small ownership and peasant proprietors. What happened was this. The thing goes on well for a year or two, then there was a bad harvest. The cultivator wanted money. He mortgaged his land to raise it, and they had landlordism re-established under a far worse system than before, because the mortgagor, or the money-lender, or whatever they liked to call him, was the worst kind of a landlord. They could see the effect of that in France, Denmark, and other countries. Mortgaging was already coming into evidence in Ireland under the system of purchase. Did they not think that when these facts about mortgages in Germany were known, they ought to have come out in the official pamphlet? Those were some of the things they had to do in the House of Commons; they had to see that facts were brought out that ought to be brought out, and he was glad that that lifting of the veil as regarded mortgages helped to open people's eyes to the defects of purchase. They asserted fundamentally the rights of the people to the land. Their plan for increasing production was that when they saw the available land lying idle they did not want to bribe the landlord with a subsidy; they wanted gently to impel him with a just tax.

THE QUESTION OF THE FUTURE.

The land question loomed larger and larger every day. The submarine peril made it more important. It was the question of the future. He was told by a friend that our gallant men who came back from France would have stories to tell of how agriculture was carried on in France, the high state to which it had developed, of the care the French peasants took of their land. Did they think these gallant men who had fought for their land and its freedom, who had seen other lands so much better used, would ever forget the lessons? Not they. He believed they would be the first to help to improve the land conditions at home. If they did it in a fundamental way they would be acting not only for their own country, but they would be acting for the world. The great economic cause of war, Mr. White said in conclusion, was poverty and discontent. Crime, prostitution, war—almost all the evils we suffered from—they would generally say were caused by poverty, but if he might use a mathematical phrase, they were "functions" of poverty, because when poverty increased and deepened crime increased, unemployment increased, prostitution and other evils increased, and the risk of war was vastly increased; whereas, on the other hand, as economic conditions improved, there were easier means of finding a living and new openings for enterprise, making it more easy to avoid the paths of crime, women had better prospects, moral conditions improved, and the risk of war between nation and nation was greatly reduced. They had, therefore to see that the fundamental economic conditions should be made right.

DISCUSSION.

Mr. William Cassells said Mr. White had shown subsidies could be quite as permanent as tariffs, and they had no guarantee with any of these things. It was a question of the use of stimulants. He thought their policy should be to the straight issue of taxing land values and freeing production from taxation. That should be their main policy. Let other people do anything in the way of land tenure in between. He would like to think of Mr. White's proposal to extend the feuing system to agriculture. It seemed a reasonable sort of position at sight, but the difficulty they had up against it was the power it had to hinder the taxation of land values. It seemed to him that it would have much the same effect as peasant proprietors had had in agriculture—that it would create an enormous bulwark against the carrying out of their ideas in the full. That was to say,

it would create to a great extent a vested interest of feuers. He thought they required to think over such a proposition.

Mr. Gordon said that Mr. White was very clear in pointing out that certain things might be provisionally accepted at present as emergency measures; that they had to take them under protest as the best way to do under the difficult conditions, but he was particularly anxious that these emergency measures should not become permanent provisions in our legislative arrangements. That applied, of course, to the subject of agricultural prices with which he was dealing. Quite clearly they were not only to be up against that difficulty with the question of the produce of the land, but, as evidenced by the remarks, of all men in the world of the Labour Minister, they were going to be up against the same difficulty about the produce of the iron works, so that they had clearly in front of them their old Protectionist controversy of ten years ago? In view of the fact that Mr. Hodge, representing himself as the spokesman of labour, was able on a public platform to say that he would see in future that no iron was to come into this country while there was an unemployed iron worker here; in view of that boldness on the part of Mr. Hodge, was it not possible that there was a certain bond of union between members of the present Ministry in this direction of protective arrangements in the years that were to come. He wondered if perhaps in that direction there was not perhaps more substantial agreement among the present Ministry than could be said to exist in the Ministry which had just gone out of office. On the question of feuing, he said that he thought they generally saw that the feuar who feued ground for building purposes, either in the form of residential or industrial feues, feued it in order to use it, and if he used it effectively no proposition that they had ever made would be to his disadvantage. He should imagine that the feuing farmer would be in the same position.

Mr. Fairley said he thought they all agreed with at least nine-tenths of what Mr. White had said. The question he had raised of feuing agricultural land was just too big to be accepted or the reverse at one night's sitting. He felt at the first blush that it just seemed like creating another set of small proprietors. The farmer at the present moment, as a matter of fact, was acting as a small proprietor, because he was helping largely in the demand for subsidies, or, if he was not actually helping, he was not doing anything very desperate to prevent it from coming along. On the point of feuing agricultural land he would not care to see the farmer's position stiffened as against the rest of the community.

Mr. Reid said that the great unfairness of the Agricultural Rating Bill was that it treated the man who improved his agricultural land just as it treated the man who put no improvement into the ground. Under their proposal, if a man doubled the value of his land by putting improvements into the soil, he would still pay half-rate, because he would not be taxed for the value added to the land by his improvements, whereas the man who starved the land by putting nothing into it would have to pay rates on its full value. The submarines had brought the Tariff Reformer as much Protection as he possibly wanted. They had either to tax interest or tax monopoly.

Mr. McDonald said that now was a time for emphasising their question and bringing it more to the forefront than they were doing.

Mr. Dundas White, in replying to the discussion, said it was perhaps anticipating matters too much for him to bring in the question of agricultural feu, as it was rather outside his subject. But secure possession and continuity of tenure were of great importance, and the continuous pressure of a tax on land values would promote them.

Mr. Busby proposed a vote of thanks to Mr. White.

"THE FINANCIAL BURDEN"

Its Grim Realities

(Leading article in the MANCHESTER GUARDIAN, February 13th.)

Mr. Bonar Law yesterday moved two new Votes of Credit, one of 200 millions, to bring us to the end of the present financial year, and another of 350 millions, to carry us on till the end of May. Mr. McKenna estimated that the Votes of Credit in 1916-17 would amount to 1,600 millions; they have amounted to 1,950 millions, roughly one million more a day. From August, 1914, until the end of March, 1917, Parliament will have voted on account of the war 3,732 millions, and the Treasury will have spent altogether 4,200 millions. That is, in two years and eight months of war we shall have spent what it would have taken twenty years to spend at our peace rate. Mr. Bonar Law estimates that the National Debt will on the 31st March amount to 3,800 or 3,900 millions, of which 890 millions will represent advances to the Dominions and to our Allies. He suggested that after the war the advances would not be a burden, and he went on to say that even allowing for the cessation of the excess profits tax our present Budget provides revenue enough to extinguish our whole war debt in a short time. Mr. Bonar Law may have intended in this presentation of the financial problem simply to offer reasons for optimism, and would perhaps object to a too literal interpretation of his words. But finance is nothing if it be not precise, and his words will be read as avowing a determination not to impose fresh taxation.

The war will not end by the 31st March, and, as is well known, the war rate of expenditure will persist for many months after the plenipotentiaries have signed the treaty of peace. It is reasonable to estimate that we shall be spending at our present rate until the 31st March, 1918. By that time our National Debt will amount to 5,500 millions. Some portion of that sum will consist of advances, but it would be imprudent to write that in advance off the burdens upon the people of these islands. A very low estimate for sinking fund and interest would be 6 per cent. Upon 5,500 millions that would be an annual charge 330 millions. Our pre-war expenditure (which included certain debt charges) was about 200 millions. After a war lasting till March 31st, 1918, we should then, merely as a result of debt, have increased our yearly expenditure to more than 500 millions. But that is not all. There will be an immense sum for pension charges. We are promised expensive changes in education and social and economic policy. If a League of Peace is formed we may be able to reduce our expenditure on armaments. But if not we are certain to have much bigger military and naval establishments. That all these additional charges between them will amount to less than one hundred millions annually is highly improbable. We must, therefore, expect after the war an annual expenditure of some six hundred millions, an amount which may conceivably be considerably exceeded. What is the revenue which Mr. Bonar Law seems to think will meet our future peace charges? The present Budget provides for, roughly, five hundred millions. About ninety millions of that will come from the excess profits tax, which in its present form at any rate is purely a war impost. We may, if we accept Mr. Law's view about the advances, wipe off some seventy millions a year from our debt charges on that account. Exclusive of the excess profits tax we have, therefore, a revenue of some four hundred and eighty millions to meet a probable peace expenditure of some six hundred millions or more. If the war rate of expenditure ends before March 31st the peace burden will be less; but the probable deficit (setting aside the excess profits tax) which the Chancellor of the Exchequer will have to meet in the first year of peace will be something