

## REFLECTIONS ON THE LAND VALUE POLICY

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What land monopoly may further cost us in lessened national wealth and well-being is another and a larger question which enters but little here, for I am now mainly concerned with its effect on existing industry. . . .

Housebuilding is also confronted with impediments to the production of houses, and especially to the production of houses at the most economically useful places. The pressure of population in or near the towns forces up values to a prohibitive figure in the inner circle, and people are driven out to distant places for cheaper house accommodation. And that, of course, means wasting money and time travelling to and from their work. It is not as if they want to go out to distant suburbs. As a lady said to me the other day: "I want to live at Streatham. Why should I go to Coulsdon?" Why, indeed! It is like swimming through a waste of waters to get a drink. And, unless the lady can buy a bit of land at Coulsdon she will be forced to go still farther afield if she wants a cheap site. For landlordism is always on the outer horizon waiting to exact its tribute for the use of the earth, the while builders are always on the look out for land whereon to build at a price which will leave them a profit after paying wages. And when they build, down comes the rate collector on the householder who has to pay as local authorities undertake construction of more roads or other improvements. He pays twice in meal and malt, as the old Scotch saying has it. He pays in increased rent and he pays in increased rates.

### WHAT ARE LAND VALUES?

To really understand the matter, however, we must get down to fundamentals. Land values are not a something made by hand or brain, or a combination of both, or even by a combination of both aided by the use of capital. They are outside, altogether, of the category made by human agency. They constitute the sum total of economic rent. What, then, is economic rent? It is the measure of the advantages or productivity of land at any given point over the measure of advantages or productivity on the margin of use—or, in the language of the books—the margin of cultivation.

Let me go into it a little closer for the purpose of a little illustration I want to offer. And, to do so, I must again use the language of the books. What is this margin of cultivation? Where is it and how does it function? In economic lore it is an abstraction, but I want to link it up with real life.

The margin of cultivation is that point in the use, or

cultivation, of land where a man may just live by work without paying rent. Now, I am not writing an economic treatise and it may be that the illustration I am about to give would not pass muster in such a treatise, but it is true and good for my purpose for all that. I want to show how the law of rent operates—not only academically, but in hard, cruel, matter-of-fact real life.

It will be remembered that I mentioned Coulsdon in my last contribution. Let us, for the moment imagine Coulsdon as a margin of cultivation. Coulsdon is a sort of "Tom Tiddler's Ground" on which a landless, out-of-work man may squat for nothing. There is no rent in Coulsdon.

But, in time, London's demands for land stretch out to Coulsdon and beyond it to a new margin of cultivation. Coulsdon then will have advantages, and amenities or productivity over and above the advantages, amenities and productivity of the new margin. And the people of Coulsdon who are not landowners will have to pay for them.

### THERE WILL BE ECONOMIC RENT AT COULSDON

And, if the pressure of population around other industrial or urban areas has been similar, then the results will also be similar.

And, other things being equal, two consequences follow:—

1. Industry is pressed down to lower levels of advantages—that is to say, a man must now live on a lower level than Coulsdon if he is to live at all by his own exertions; and

2. Landlordism may now exact a larger toll, equal to the rent at Coulsdon, because rent is now, not from Coulsdon, upwards in the scale of values, but from a point lower down and including Coulsdon.

Other things, however, are not equal and that is why the consequences are to some extent mitigated, and why the evil is so long lived. There are other and counter agencies at work which, although leaving the law as it is, yet moderates its full effect, and even masks its actual result. For along with increase of population and of wealth there are combinations of various sectional interests who are able to exact terms for those on whose behalf they act. Larger scraps of a larger amount of wealth come, therefore, to those who are strong enough, or artful enough to seize them. These are, however, comparatively trivial.

But, now, think of the effect of a tax on land values! It will be remembered that I pointed out that there was much unused, or only partially used, land between Streatham and Coulsdon. It is to some extent unused, or only partially used, because it is untaxed. A tax on it would bring some of it into full use, the needs of the population would be met and served in a smaller area on the London side of Coulsdon and the rise in rent would be arrested—and perhaps reversed. Coulsdon, in fact, might again become a "Tom Tiddler's Ground."

### OBJECTIONS

Ah! but—say the opponents—you have forgotten that rents may be raised equal to the tax; landlords will increase rent. Will they? Why don't they raise rents now? Because they cannot. Demand, on a given supply—artificially limited—has determined for them what the land will bring. It is our opponents who have forgotten. They have forgotten the law of supply and demand. Each step in the continued application of the principle of taxing land values, because of the increasing supply of land brought into use by the tax, will tilt the operation of the law against increase of rent, and not in favour of it.

Nor is there any validity in the plea, sometimes put

forward, that land values are taxed anyhow in the long run by the super tax on large fortunes.

That may be as it may be, so far as large fortunes are amassed by land speculation, but the plea does not touch the evil. The seeds of wrong have been sown long before these fortunes come under review by the taxing authority. And, moreover, the object of taxing land values is not to punish a man for getting rich. Many persons who at present benefit by land value private appropriation are not rich, but that fact gives such persons no right to take what does not belong to them. That is really at the kernel of the proposal to tax land values. It is at bottom a question of right, of sound justice. The object is the resumption by, or restitution to, the community of what rightly belongs to it.

#### THE BOTTOM FACTS.

And that brings me to the few words I have yet to say on the elemental facts bearing upon this question of land. And I think it may be as well here to remind my readers that I am dealing only with urban land. There may be special considerations in regard to agriculture. I don't know of them, nor do I know anything of agriculture, and I merely mention it again by way of separating it from the question now under review.

That urban industry and commerce would be relieved by the tapping for public purposes of the fabulous sums accruing to urban land is a proposition so self evident that it requires no further argument; that labour would gain is no less sure to those who think, although the fact may be obscured by considerations of other interests and the complications of our modern system of large scale, or mass, production. The connection between land and labour, however, no matter how covered up or obscured by these things, is nevertheless there, all the same, a vital fact.

But let us consider the matter on broad grounds and without regard to particular or sectional interests.

We must go back to fundamentals. What is land? It is:—

1. A natural element given to us, or provided for us, as the basis for everything we do.
2. It is limited in extent and, therefore, increases in value with increase of population and wealth.

And how does a landowner figure in the production of goods? The possessor of land contributes nothing to the production of goods but simply stands by and gives leave to produce—on terms. **A landlord qua landlord produces nothing.**

These simple elemental facts will, of course, be accepted by everyone. They need but to be stated to be accepted. They are, in fact, so simple and self-evident that it would be quite unnecessary to call attention to them at all but for the further fact that the considerations to which they should give rise are so often ignored. If, for instance, a man gives nothing why should he take anything? That seems a simple question, but, in this divergence of abstract justice from practical policy is wrapped up half of our social and industrial ills.

Many people take something for nothing simply because use and wont have established a sort of right on their part to take it. Their claim is not based on justice. There has been no moral right at the beginning, but public promise or credit has hardened the practice and woven it into our social system. So it is with the claims of landlords. It is a claim which has no original moral basis but depends only on force and use and wont. From a strictly abstract justice point of view landlordism could be swept away to-morrow by the people resuming possession of the land and, from that point of view, the landlords would have no more right to

consideration, if they asked for it, than the pirates of Bias Bay if they objected to being compulsorily stopped from levying toll on merchant ships bound for Chinese ports.

#### "THE AUTHORITIES"

And, let me say here, that this is no new view of the matter out of my own head. Great writers and thinkers, including Herbert Spencer, after giving their minds to it, came to pretty well the same conclusion. The question long ago engaged the attention of John Stuart Mill, who suggested, as a means of squaring abstract justice with practical policy, that landlords should retain their power to extract toll up to a given date but that from that date all future increments of land value should adhere to the community. It almost seems like compounding a felony.

But whatever might have been said for or against this in Mill's day there is nothing to be said for it now. Henry George has found a way to the painless extinction of landlordism by taxation of land values so gradual in operation and so beneficial in effect to all, including landlords, that the idea of hardship would never arise. Landlords would be called upon to contribute the "community's share" of land values. The "share" would be adjusted as public opinion developed and public needs were revealed. Land value speculators would certainly cease to hold a privileged position as one of the first results, and ultimately land values would go into the public exchequer to which they finally and rightly belong.

And the concurrent lifting of taxes from things made by hand would liberate forces now idle or running to waste; the general wealth of the community would increase, and, inasmuch as land monopoly would have been broken, this increased wealth would get diffused throughout the community so that all would share. Finally, workers would be able to buy some of those things sometimes said, as at present, to be a drug in the market, by giving in exchange for them some of the things they would then produce—expressed in their wages. These are my answers to the questions I posed in the concluding paragraph of my contribution of two months ago.

I find myself, however, insensibly slipping more and more into what might be described as the philosophy of the single tax. It is a great idea and an alluring one but I will not pursue it.

I have tried to deal with taxation of land values as a method of relieving and encouraging industry, and I should be glad to deal further, so far as I am able, with any objections or difficulties which may present themselves to any of those who have been good enough to follow me in my argument.

As we go to press we gladly note with interest and pleasure the first two of a series of articles on Free Trade appearing in the *News-Chronicle* (24th to 30th January). The articles, carrying the sub-title "In the Light of Modern Conditions," are from the pen of Mr Cyril Asquith. They can be classed among the best, if not the very best, pieces of writing on the great debate since Mr Asquith's father, the late Lord Oxford, a generation ago intellectually destroyed Mr Joseph Chamberlain's case for Tariff Reform. Mr Asquith's writing is highly analytical and without passion; it must appeal to the business man as well as the student. The *News-Chronicle* can be warmly congratulated on this excellent instruction.

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