

THE VOICE OF AUTHORITY

Colin Clark Surveys Socialist Land Policy

For the past forty years the post of Director at the Agricultural Economics Institute at Oxford has been held by two prominent exponents of land nationalization, Mr. C. S. Orwin (1913-1945) and the late Mr. A. W. Ashby (1945-1953). During recent months their names have been repeatedly invoked by Mr. George Dallas and his associates as "experts" whose opinions on the matter counted. The new Director, Mr. Colin Clark, is an expert of another sort, an exponent of the taxation of land values.

Writing in the *Financial Times*, September 10, Mr. Clark critically examined the Labour Party's farm policy as contained in the *Challenge to Britain* proposals. In his opinion the declared goal of a one-third increase in home food production within a period of five years might be possible if the agricultural labour force could be increased by two hundred thousand reasonably experienced men within the same period. But to increase output at a sustained rate of 6 per cent per annum with a stationary labour force—which is what the programme appeared to envisage—would be an unheard-of feat.

Mr. Clark accused the Labour Party of a one-sided approach to agricultural problems. Inefficient farming methods and an alleged lack of equipment were held responsible for low production while the two major issues, namely, the need for higher wages for the farm worker, and lower taxation for the farmer were ignored.

The recommendation that more beet sugar should be grown in Britain merits Mr. Clark's scathing denunciation. He asked: "Why go out of our way to encourage the production of a commodity of which a large stock could be imported and stored without deterioration to meet any war emergency, whose production puts a great strain on the transport system and uses up a lot of coal and petrol, one of the few farm products of which there is any possibility of a world glut, one moreover whose production has

had to be deliberately restricted in the West Indies and Australia, who would like to produce more sugar and sell it to us for sterling?" The reason offered by Mr. Clark was that the Labour Party considers the principal object of agricultural policy is to get the farmer feeling obligated to, and dependent upon, the Government.

Authoritarian powers exercised by the County Agricultural Committees to evict officially-designated inefficient farmers—a system which enjoys considerable Conservative support and which the Labour Party wants to be applied more severely—were condemned as "very dangerous even in war-time and quite unpardonable in peace-time."

The most interesting and important of Mr. Clark's reflections, however, are those concerning land nationalization and the taxation of land values: He wrote: "I have lived for many years in the State of Queensland, where the greater part of the grazing land (but none of the farm land) was nationalized, or, to be more precise, has been State property since the country was first settled, and is still administered by the State. People rarely express any feelings either in favour of continuing or of discontinuing such a system. One fact which is clear is that such nationalization, as administered by a succession of Labour Governments, has done little to encourage increased output. It has created an extraordinarily cumbersome bureaucratic machine of administration, and the tenants (always capable of organizing to create a political upheaval) are treated much too indulgently, and their rents are fixed far too low.

"If we were serious about wanting increased output from British agriculture, instead of playing politics with it, as both parties prefer to do, we should allow the farmer to sell his produce at free world-market import prices. These in some cases are already, and in other cases soon will be, above the Ministry of Food guaranteed prices. Rents

also would be allowed to rise to an economic level—the absurdly low rents now charged for many farms do not encourage the farmer to make the fullest use of his land. We would also adopt the policy which New Zealand, Australia and Denmark—successful farming countries with a large farm vote—have used for many years namely, a land tax, which falls not upon the buildings and improvements, but upon the economic value of the land itself.

“It is a commonplace of economic theory that this form of taxation (and indeed this alone) is no deterrent to production, and indeed encourages farmers and landowners to make fuller use of their land, to sub-divide it where possible and employ more labour. The experience of these countries shows how perfectly practicable systems of valuation and administration can be introduced, though it would take too long to describe them now . . .

“One can perhaps understand the Conservative Party carrying on its old opposition to any idea of a land tax. But why should a Labour Party policy committee reject the proposal of a land tax, which was specifically placed before them? Can it be that an increasing number of modern landowners, forming a sort of new aristocracy, are to be found in influential positions in the Labour Party?

“What the programme offers us, apparently designed to secure the same results as the land tax, is some sort of administrative nightmare of fixing ‘standard outputs per acre’ for every district and then penalizing farmers who fail to live up to them. Can there be any reason for preferring a complex and unworkable scheme to a simple and workable one—unless, once again, it is a desire for bureaucracy for its own sake?”

A Correspondent's Question

Mr. Colin Clark's article prompted a correspondent, Mr. A. J. Johnson, Brighton, to ask a number of valuable leading questions in a letter published September 12. Theoretically taxes on land values are perfect since they encourage rather than hinder production, but was not Mr. Clark guilty of over-simplification? If the solution to the problem was in fact so simple why had not some hard-pressed Chancellor of the Exchequer seized upon such an obvious source of revenue? Ricardo had put forward his theory of rent a century ago; Henry George had put forward proposals in 1879 for annexing this rent. The 1947 Town and Country Planning Act, with its development charge, seemed to Mr. Johnson to be a step in this direction, but it had “come to a miserable end last year.”

The Precedent of Other Countries

Response to the foregoing was made by Mr. A. W. MADSEN, Secretary of the United Committee, in the following letter published by the *Financial Times* on September 24:

I would like to offer a reply to the questions put by your correspondent, Mr. A. J. Johnson (Sept. 12), relating to the principle of land value taxation and its practical operation. He mentioned Australia, New Zealand and Denmark.

Throughout the States of Queensland and New South Wales (in the latter with the exception of rates levied by certain water and sewerage Boards) the local taxation in both urban and rural areas is levied entirely on the assessed value of land, with complete exemption of buildings and improvements. In Victoria and South

Australia a number of towns and shires derive their rate revenues in the same manner, so that the principle affects agricultural as well as all other land. In Western Australia the “Road Districts,” which are equivalent to counties or shires, levy their rates for the most part on the value of the land alone, buildings and improvements being rateable only here and there.

In New Zealand the vast majority of the towns rate land values, as do quite half of the counties, the assessment always being the value of the land itself without respect to actual use or non-use. But the best example is Denmark. The whole country is valued every fifth year, showing for every holding—town land and farm land—its value apart from improvements. There is an annual national tax at a uniform rate on the land values so ascertained; and, in addition, each local authority, borough, county or parish, obtains part of its revenue by rates levied on land value as such. The point about Denmark, however, is that it is in the country districts—farm land—that the principle has been most fully developed and at the instance of the small peasant proprietors themselves.

As for our own country, there is a long story behind the agitation to institute land value taxation both for national and for local purposes. Bills have been repeatedly before Parliament, and three times the principle has seen its way through the House of Commons, but the fate of such a measure as Snowden's in 1931 belongs to political controversy that is outside the scope of this letter.

On the other hand, permit me to add that in no sense whatever was the development charge of the Town and Country Planning Act a step in the right direction. On the contrary. That charge was deplored and fought most strenuously by the advocates of land value taxation and they have at least some credit, by their exposures, for its repeal.

LABOUR PARTY CONFERENCE

Land Nationalization Rejected

The land of Britain is not to be nationalized within the foreseeable future. By an overwhelming majority the 52nd Annual Conference of the Labour Party meeting at Margate rejected during the afternoon session, September 30, a composite amendment to the land and agricultural proposals contained in the National Executive's policy statement *Challenge to Britain*. Standing in the name of the Lanark Labour Party and moved by MR. JOHN MACKIE a Scottish farmer and member of a county agricultural committee, the amendment called upon the Party to reaffirm the principle of land nationalization and urged the Executive to place a plan for its implementation before the electorate at the next General Election. On a card vote the amendment was defeated by 4,367,000 votes to 1,794,000.

The dominant theme of the debate at Margate, to which all who participated paid service, was the alleged need to wrest every possible ounce of food from Britain's acres. Thus discussion was confined chiefly to whether or not this object could best be achieved by means of existing legislation, principally the Labour Government's 1947 Agriculture Act, or by nationalizing the land. Judging from press reports, SIR HARTLEY SHAWCROSS, Q.C., M.P., alone made the case for collecting the unimproved value of land for public purposes by means of the taxation of land values although even he appears to have advocated the reform primarily as a means whereby agricultural