

claims that he would have been entitled under that Act to compensation for refusal to develop. It is to be remembered, however, that the Act of 1932 did not impose the drastic restriction upon change of use which the White Paper contemplates.

A Chaos of Conceptions

The "fair compensation" to be paid is not defined in the White Paper. But it is made clear that this will not be the "development value," but some amount to be determined hereafter. Owners of "green land" who establish a claim for compensation are to be paid out at once. In other cases no compensation is to be paid for five years, and in the meantime another "expert committee" will be set up to study the problem of compensation. The idea is to avoid paying compensation for speculative values. But it is far from easy to say how much of the value of any plot of land is speculative and how much is not.

The new expert committee will have at its disposal no more means of

solving the problem than any one possesses at this moment. If the Government is unable to evolve a formula for settling it now, there is no reason to suppose that any body will find such a formula within the next five years. The problem in fact is not soluble. The value of land is always a prospective value. It depends upon what it is anticipated will be gained from it in the future. What may properly be called speculative values arise when an appreciable quantity of land is held out of use, and the available supply is shortened. But there is no way of measuring what the effect of this is in any particular case.

Prevent Land Withholding

The only means of solving the problem of speculative values is to prevent land from being held out of use for the sake of future gain. The White Paper does not even purport to deal with this problem. In fact, the only method of solving it is to level a general tax upon all land value. In that way

pressure will be put not only upon the owners of land which is unused, but also on those whose land is badly used, so as to ensure that it will be developed or redeveloped as required. When that has been done speculative value will be eliminated, and that aspect of the land problem will disappear.

It will be seen that the White Paper involves the making of a considerable number of valuations. These will be distributed in a haphazard fashion and will relate to different points of time. The White Paper therefore makes no contribution towards the establishment of a general systematic valuation of land. Yet this must be the foundation of any rational plan of land reform. It is only when valuation is made of all land upon uniform principles, and when that valuation is available for purposes either of taxation or of local rating that there can be any hope of getting a reasonable and useful valuation. The White Paper contains no effective contribution towards solving the land problem, and indeed hinders rather than helps future progress.

"THE ROAD TO SERFDOM"

The Editor, *Land & Liberty*.

SIR,—The appreciation of Professor Hayek's book which appeared in your June issue must have been very encouraging to those readers who have noted with dismay the unbroken succession of steps towards a collectivist or totalitarian order in our own country. Professor Hayek reveals many unnoticed but menacing analogies and exhibits with clarity and conviction a situation which our publicists seem determined to obscure, and which politicians of all parties tend to exploit rather than oppose.

Nevertheless, although no candid reader would condemn the book as "a defence of things as they are," the notices which have appeared in different newspapers show that such varied conclusions can be drawn from its argument that it may just fail to convince many thoughtful readers who dread totalitarianism but see no alternative. The *Economist*, for example, claims that the author is really a Planner in disguise; and since Professor Hayek repudiates "laissez faire" without indicating his interpretation of that dubious Gallicism, the claim cannot be entirely ignored. The *Manchester Guardian* considers the book to be a backward-looking plea for a nineteenth century golden age, calculated to infuriate the Planners but not to shift them. It must be admitted that the author fails to show us the basic defects in the alleged liberty of that age, defects which checked the extension of liberal ideas long before collectivism became a serious menace, and which appearing as the increasing economic helplessness of the masses—under "liberal" as well as other regimes—has made State dependence virtually inevitable. When liberals looked to the extension of compulsory State assistance euphemised as "social reform," as the cure for this

helplessness the development of a totalitarian order became a logical sequence. The complete indifference to individualist feeling evident in the *Manchester Guardian* review reduces its value, but Professor Hayek's omission to discuss adequately this problem of economic helplessness, which has such bearing on modern forms of slavery, gives some point to the criticism. The *Observer* reviewer, though more liberal in its attitude to the book, evidently feels the same omission when, after admitting the force of the negative argument, he confesses his dismay that no adequate explanation can apparently be given to show why "free capitalism" leads inevitably to private monopoly.

The Road to Serfdom is not claimed by its author to be much more than a negative contribution to the great subject of social freedom, but no negative argument can be really effective unless some radical alternative is suggested even if it is not fully developed. Many who accept Professor Hayek's main contentions must particularly regret his failure to show such an alternative, because it might so easily have been shown to proceed from the general trend of his negative arguments—although it would have been necessary first to decide clearly the meaning of those basic terms indispensable to any serious economic discussion. His omission to define these terms is the more remarkable because he admits the importance of so doing, and without explanation some passages of *The Road to Serfdom* grant damaging concessions, for example: "In a system of free enterprise, chances are not equal, since such a system is based on private property."

By general consent it is in the Rule of Law, recognising, to quote Professor Hayek, "the individual, inviolable rights of man," and consequently limit-

ing the powers of the State, that any free society differs from the totalitarian or collectivist order. He does not define these rights, but it is evident that one of them is the right of property, "the system of private property being the most important guarantee of freedom." Here again no definition is given, no clear indication of the limits of property and privilege or of the components of those "means of production" public ownership of which constitutes so much of socialist theory and popular appeal, and private ownership of which under our "free" system leads so easily to private monopoly.

Consistent belief in individual liberty must imply that every producer has full right to what he produces. This narrows the question of private property to that of ownership of the means of production. As all production requires land, labour and capital, we must decide to whom these rightly belong. Professor Hayek's references to capital (with his use of the word capitalism) leave us uncertain how he understands the term—in one passage he appears to include land with capital, in another to assume that capital produces its own return—but, assuming capital to have the clear meaning of wealth used in the production of further wealth, the whole tenor of his book is to the effect that the individual has a just right to his own capital as to his own labour. He fails, however, to show that labour cannot be exerted nor capital be put to use without access to land, and, land having become in all modern societies increasingly the monopoly of private individuals, the economic helplessness which affects the masses is primarily due to this fundamental monopoly: an effective though unrecognized form of serfdom in full operation within societies calling themselves free. Equal freedom to use land—and not bureaucratic ownership of

land—being the basis of freedom, and land varying greatly in value according to the presence and activity of the community, it follows from both the principle of freedom and that of private property that every occupier of land must pay to the community the value (or "site value") of his holding. In its negative aspect also the collection of land value for public purposes would implement the true principles of property, for it would relieve the citizens from those ever-growing burdens of taxation which at present penalise enterprise, industry and thrift, which discourage the spirit of independence and encourage State-dependence, and which violate at every turn the true principles of private property.

Is it too much to hope that Professor Hayek will give adequate consideration in any further study of social freedom, or perhaps in later editions of his valuable book, to this aspect of the subject?

Yours, etc.,

FRANK DUPUIS.

In 1856 Lord Macaulay wrote in his "Journal": "Southey says that no man of sense ever troubles himself about such pseudo-scientific questions as what rent is, or what wages are. Surely he could not be such a dunce as not to know that a part of the produce of a landed estate goes to the proprietor, and a part to the cultivator; and he must, unless he had a strange sort of skull, have supposed that there was some law or other which regulated the distribution of the produce between these parties. And, if there be such a law, how can it be unworthy of a man of sense to try to find out what it is? Can any inquiry be more important to the welfare of society?"

"Philosopher," in a special article in *The People*, 25th June, gave a picturesque description of the Ricardian Law of Rent. Saying "My friends, meet Mr. Ricardo," he gave a number of illustrations of the principle introducing Mr. Goodland, Mr. Fairland and Mr. Worstland who, as occupiers, were beholden to the landowner-rent-collector the Duke of Westchapel. Summing up the argument, he said: "Rent is payment for differences in powers of production of soil or by situation. Who originated these differences? By whose endeavour were they begun? Surely not by any individual like the Duke of Westchapel . . . the distribution of rich and worse soil was by God or Nature, whichever way you care to have it. Advantages in building sites in towns and cities developed as these towns and cities were developed by the collective enterprise of thousands of their inhabitants. Yet . . . landlords claim these rental differences as their proper due."

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NOTES AND NEWS

The limit of the fiduciary note issue, which stood at £300 millions on the outbreak of the war and was raised to £580 millions on 5th September, 1939, has now been increased to £1,200 millions. Thus, while the Treasury has on the one hand combated inflation by rationing, price control, taxation and other devices, it has on the other taken the step which must inevitably bring about inflation. Is it conceivable that the price level can be brought back to what it was pre-war? If not, what will be the future level of land values in this country?

In the House of Commons on 13th July Mr. Henderson Stewart asked the Minister of Town and Country Planning if he can give figures showing the total number of owners of land in Great Britain and the numbers owning less than five acres, ten acres, 100 acres, 1,000 acres, etc., respectively.

Mr. W. S. Morrison: No, Sir. These figures are not available.

The Minister did not add that the reason is that the landlords have so far been successful in defeating every attempt to secure a valuation of the land of this country. The Government is thus without the information which is needed for any rational treatment of the land problem.

A committee under the chairmanship of Mr. A. S. Comyns Carr, K.C., set up by the Liberal Party to deal with the Town and Country Bill, communicated to the Press a few days before the debate took place a statement of objections and criticisms in which it was declared that "The whole of those proposals, unless accompanied by provisions for site value rating on the lines of the Liberal report, will break down in practice."

Flight Lieut. John Taylor Metcalf, of Sully, Glamorgan, thought a lot of his country. As a night fighter he died for it. Road home for John Metcalf was along the Cardiff-Penarth road. There is a toll gate on the road, and there the hearse and its flag-covered coffin and mourners in a following coach were held up. And for payment of one shilling to the Penarth Road and Toll Gate Company, which acts for the Lord Bute and Lord Plymouth Estates, John Metcalf was allowed to go on his journey.—*Daily Herald*, 25th May.

The villagers of Preston Capes and Everden, in the Daventry Rural District, don't think much of their villages. "People are leaving, farmers can't keep their labourers, they are having to reduce their stocks because," Mr. Hart, who lives there, told a Ministry of Health inquiry yesterday, "the water supply doesn't run to three pints a day for each person. On Tuesday I had half a pint to wash in and drink."

A sanitary inspector who had taken samples from 21 wells found all but

one bad. A difficulty in getting a decent supply, said other witnesses, was the cost of land. One owner of land containing water asked £400 an acre.—*Daily Herald*, 25th May.

A Cardiff correspondent writes: "American soldiers were given an insight into our land system recently, according to a friend in the Welsh Board of Health. Seeking an opportunity to practice boring for water, an Engineer Unit at Porthcawl offered to send 500 men anywhere in Wales where water was wanted. It is true they could not wait very long, but their offer had to be turned down owing to the difficulty of reconciling the various interests, owners, farmers, etc. The local authorities would have been delighted to have a water supply in many places."

At a meeting of Smethwick County Borough Council on 26th July Councillor Spragg moved a resolution (seconded by Councillor Perry) regretting that the Government proposed to adopt March, 1939, values as the minimum instead of the maximum, and that the machinery of valuation and of compensation and betterment will be complicated, and calling upon the Government "to take the present unique opportunity to introduce a scheme for the public ownership of all land based upon the taxation of land values." After discussion, this was defeated by 14 votes to 9.

D. C., Brighton, writes: "The report of the Trades Union Congress plan for the public control of industry would be comical if it were not so dangerous—dangerous because such plans are likely to be supported by millions without any economic knowledge. The report," says the *Daily Telegraph*, 21st August, "eschews confiscation and advocates compensation based on the actual earnings over a period of years modified in the light of existing circumstances and the probability of continuance of those earnings." Thus it appears that the T.U.C. would agree to buy out the established monopolies at a price enhanced through tariffs and other State-made privileges, or without considering for a moment how their monopoly profits arise. All this in the sacred name of 'public ownership.' And when the monopolies are publicly owned, the first charge on them will be the service of the bonds given to the shareholders, who will sit back continuing to draw their 'profits' at their ease, for the State would have to see that they got their money with unflinching regularity. In consequence, the cost of the products cannot be reduced to the public; and who knows whether the businesses will be more economically conducted than they were under private monopoly ownership? It is lamentable to see the T.U.C. travelling thus far away from the radical demand for the abolition of monopoly by taking from it the props that support its unjust privilege and power."