

## AGRICULTURAL PROFITS, WAGES AND PRICES

To the Editor of *Land & Liberty* :

DEAR SIR,—The root trouble is that agricultural workers produce less when measured in terms of money than factory workers. If, therefore, you do not subsidize or create artificial prices by law, agricultural wages must be lower than factory wages and agriculture decrease.

For many reasons other than economic it is not in the national interest that agriculture should decrease. We need more citizens bred and working on the land.

How in the absence of subsidy or artificial prices do you propose to solve the problem after the war?

Do you agree that rent should be made an instrument of national policy? In other words collect the land value in taxes and return it to the farmer in subsidies? Or in the alternative give free land to any farmer who cultivates it well? The objections to subsidies need not be stressed. They are well recognized. In the latter alternative the farmer working his own land and perhaps burdened with a mortgage incurred to enable him to purchase it will be worse off than he is now.

Even if the whole rent went into subsidies it is doubtful if there would be enough to raise farming to as paying a proposition as other forms of industry. Then the free trade, which is a cardinal article of your faith, will work badly in eliminating the growing of wheat and other cereals which can be produced cheaper by extensive farming overseas. Do you contemplate the whole of British agriculture being directed into dairy, pig, and poultry farming dependent in a large measure upon imported feeding stuffs?

Yours faithfully,

Little Bookham,  
Surrey.

C. V. BRAYNE.

Our correspondent's analysis of this problem is far from complete. Let us assume that at some period of time the price of agricultural products is not sufficient to enable workers in agriculture to earn the same wages as workers in other industries. What would be the normal result of this? It would be that workers would leave agriculture and go into other employment, and that this would continue until wages were at the same level in both. At the same time a certain amount of land would go out of cultivation (and either become unused or be devoted to other purposes). The land which would go out of agricultural use would be the least productive. The rent of the better land would fall. Ultimately by the reduction of rent the wages of those still engaged in agriculture would be raised to a level which would keep them employed in agriculture.

On these assumptions it is true that agricultural production would decrease. Our correspondent says that this is not in the national interest, but that the reasons why it is not in the national interest are not economic. In other words the population of this country can get much of the food they require more

cheaply by importing it (paying in exports of other articles) rather than by producing it in this country. But precisely the same position obtains with regard to all other articles which are imported and which could be produced in this country. Could it not be argued that it is not in the national interest that those other articles should not be imported? That is in fact precisely the protectionist argument. But it is not difficult to demonstrate that the result of protection is to diminish the total of consumable commodities (the real annual income of the nation) and that the workers will certainly not receive any larger share of that diminished income; that is to say, the real incomes of the workers will decrease.

It makes no difference in the long run whether this result is brought about by tariffs, quotas, subsidies or any other means. The general argument is against all forms of protectionism.

Are there any circumstances which would induce us to modify this conclusion as far as concerns agriculture? Our correspondent does not specify what are the "many reasons other than economic" which place agriculture in a different category. We can think of two which deserve attention. One is that agriculture is by its nature a healthier life than most other occupations. (We do not say better, for that involves considerations which cannot be measured.) The other is that it is better for the health of the population that they should eat more fresh, home-produced foods, rather than foods which have been altered in quality by chilling, heating and tinning, or other processes necessitated by transit over long distances and preservation over long periods of time. There is (in our opinion) a great deal of truth in this, but there then arises a fundamental question of public policy: How far is it allowable to compel people to abstain from consuming certain things and to force them to consume other things? Where is the line to be drawn? Is it better for people to wear silk rather than rayon, wool rather than cotton? Is it better for them to read certain books rather than others, to go to theatres rather than to cinemas? In fact we come to the general problem of liberty within the state, and where state interference should begin and end. So long as we believe in liberty, the presumption is against interference by tariffs, subsidies, or quotas. The answer, therefore, is that if it is better for the health of the people that they should eat home-grown foods, the people will have to be convinced of it (as some are already) and then they will voluntarily pay the price which is necessary.

That, however, is not all of the story. Land value taxation will certainly make it much easier to preserve home agriculture. It will provide the means of abolishing the heavy taxes now levied upon many commodities (and the rates imposed upon the homes of the people). It will thereby increase their real wages and enable them more easily to exercise a preference for home-grown foods. Would

not many people in normal times prefer home-grown meat to chilled meat, if they were a little better off? It will also increase production and wages by opening up opportunities for production which are now held out of use because our present system of taxation encourages the withholding of land and penalizes the use of it.

Our present attempts to subsidize agriculture in the end go largely to subsidizing rent. As Sir Daniel Hall remarks in his latest work, *Reconstruction and the Land*: "... the subsidies accompanying price-fixing must eventually accrue to the landowner as rent. . . . Yet to whatever height subsidies may be raised, the tenants will in the end be little better off." The differential advantages which are granted to agriculture in relief of rates and taxes have the same result. In fact less taxation would be borne by agriculture if we adopted land value taxation, than is imposed upon agriculture even by the present system which purports to favour it. The difference is that land value taxation would not favour monopoly of land and high rents, but would prevent land from being held out of use and would take the rent of both urban and rural land for the community. This would certainly help towards a greater consumption of home-grown food, though there must still remain the task of educating people to understand why, and how much, fresh food is better than processed food.

Our correspondent suggests that economic rent might be taken by land value taxation and returned to the farmer in subsidies. If he means that the rent of agricultural land should be distributed between the farmers, we certainly say no to this proposal, just as we should object to taking the rent of Lombard Street for the sole benefit of those who happen to carry on business there. Land value taxation would take the economic rent of all land and distribute it to the whole population in relief of taxes now levied.

Neither can there be any question of farmers being given "free land," if this means rent-free land. Such a proposal merely turns the farmer into a landlord. It gives to the man who happens to occupy an exceptionally fertile farm or one close to a good market all the advantage of that in addition to the normal reward of his skill and enterprise. The fundamental principle of economic rent is that it is not earned by the individual occupier of any particular piece of land, but is due to a whole series of factors which make up the situation or economic environment in which he finds himself. Individual appropriation of rent of necessity tends to economic inequality, and the only remedy is to take economic rent for the benefit of the whole community.—ED., L. & L.

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