

Churchill on the Land Question

The Mother of Monopolies

It is quite true that land monopoly is not the only monopoly that exists, but it is by far the greatest of monopolies — it is a perpetual monopoly, and it is the mother of all other forms of monopoly. It is quite true that unearned increments in land are not the only form of unearned or undeserved profit that individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial but which are positively detrimental to the general public.

Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position — land, I say, differs from all other forms of property in these primary and fundamental conditions.

Nothing is more amusing than to watch the efforts of our monopolist opponents to prove that other forms of property and increment are exactly the same and are similar in all respect to the unearned increment in land.

Misleading and False Analogies

They talk to us of the increased profits of a doctor or a lawyer from the growth of population in the towns in which they live. They tell us of the profits that are derived from a rise in stocks and shares, and even of those that are sometimes derived from the sale of pictures and works of art, and they ask us — as if it were the only complaint — “Ought not all these other forms to be taxed too?”

But see how misleading and false all these analogies are. The windfalls that people with artistic gifts are able from time to time to derive from the sale of a picture — from a Vandyke or a Holbein — may here and there be very considerable. But pictures do not get in anybody's way. They do not lay a toll on anybody's labour; they do not touch enterprise and production at any point; they do not affect any of those creative processes upon which the material well-being of millions depends.

Rewards for Service

If a rise in stocks and shares confers profits on the fortunate holders far beyond what they expected, or indeed deserved, nevertheless that

profit has not been reaped by withholding from the community the land which it needs, but, on the contrary, apart from mere gambling, it has been reaped by supplying industry with the capital without which it could not be carried on.

If a doctor or a lawyer enjoys a better practice, it is because the doctor attends more patients and more exacting patients, and because the lawyer pleads more suits in the courts and more important suits. At every stage the doctor or the lawyer is giving service in return for his fees, and if the service is too poor or the fees are too high, other doctors and other lawyers can come freely into competition. There is constant service; there is constant competition; there is no monopoly; there is no injury to the public interest; there is no impediment to the general progress.

Fancy comparing these healthy processes with the enrichment that comes to the landlord who happens to own a plot of land on the outskirts or at the centre of one of our great cities; who watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing.

Enrichment Without Service

Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains — and all the while the landlord sits still. Every one of those improvements is effected by the labour and cost of other people. Many of the most important are effected at the cost of the municipality and of the ratepayers. To not one of those improvements does the land monopolist, as a land monopolist, contribute, and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the general welfare; he contributes nothing even to the process from which his own enrichment is derived.

If the land were occupied by shops or by dwellings the municipality at least would secure the rates upon them in aid of the general fund; but the land may be unoccupied, unde-

FUNDAMENTAL TRUTHS

IN an article entitled “Sir Winston Churchill and Economics” in the *Financial Times* of January 25, Harold Wincott gave his opinion of Churchill as an economist.

He said: “No economist? Not in any academic sense. But an unequalled gift, as in everything else, of expressing fundamental economic truths in language which ordinary folk could understand.”

This power of expression in everyday language is well exemplified in his speeches on land-value taxation, a subject on which he said “I have made speeches by the yard.”

veloped; it may be what is called “ripening” — ripening at the expense of the whole city, of the whole country, for the unearned increment of its owner. Roads perhaps have to be diverted to avoid this forbidden area. The merchant going to his office, the artisan going to his work, have to make a detour or pay a tram fare to avoid it. The citizens are losing their chance of developing the land, the city is losing its rates, the state is losing the taxes that would have accrued if the natural development had taken place, and that share has to be replaced at the expense of the other ratepayers and taxpayers; and the nation as a whole is losing in the competition of the world — the hard and growing competition of the world — both in time and money. And all the while the land monopolist has only to sit still and watch complacently his property multiplying in value, sometimes manifold, without either effort or contribution on his part. And that is justice!

Monopoly is the Keynote

But let us follow the process a little further. The population of the city grows, and grows still larger year by year, the congestion in the poorer quarters becomes acute, rents and rates rise hand in hand. At last the land becomes ripe for sale — that means that the price is too tempting to be resisted any longer. And then, and not till then, it is sold by the yard or by the inch, at ten times, or twenty times, or even fifty times its agricultural value, on which

alone hitherto it has been rated for the public service.

Land Monopoly Hampers Industry

See how this evil process strikes at every form of industrial activity. The municipality, wishing for broader streets, better houses, more healthy, decent, scientifically planned towns, is made to pay, and is made to pay in exact proportion as it has exerted itself in the past to make improvements. The more it has improved the town the more it has increased the land value, and the more it will have to pay for any land it may wish to acquire.

The Toll of Land Monopoly

A portion, in some cases the whole, of every benefit that is laboriously acquired by the community is represented in the land value, and finds its way automatically into the landlord's pocket. If there is a rise in wages, rents are able to move forward, because the workers can afford to pay a little more. If the opening of a new railway or a new tramway, or the institution of an improved service of workmen's trains, or a lowering of fares, or a new invention, or any other public convenience affords a benefit to the workers in any particular district, it becomes easier for them to live, and therefore the landlord and the ground landlord, one on top of the other, are able to charge them more for the privilege of living there.

Let Us Alter the Law

I hope you will understand that when I speak of the land monopolist I am dealing more with the process than with the individual land owner. I have no wish to hold any class up to public disapprobation. I do not think that the man who makes money by unearned increment in land is morally a worse man than anyone else who gathers his profit where he finds it in this hard world, under the law and according to common usage. It is not the individual I attack; it is the system. It is not the man who is bad, it is the law that is bad. It is not the man who is blame-worthy for doing what the law allows and what other men do; it is the state that would be blameworthy were it not to endeavour to reform the law and correct the practice. We do not want to punish the landlord. We want to alter the law.

Free Trade — Free Land!

Every nation in the world has its own way of doing things, its own successes and its own failures. All over Europe we see systems of land tenure which economically, socially, and politically are far superior to

ours; but the benefits that those countries derive from their improved land systems are largely swept away, or at any rate neutralised, by grinding tariffs on the necessities of life and the materials of manufacture.

In this country we have long enjoyed the blessings of Free Trade and of untaxed bread and meat, but against these inestimable benefits we have the evils of an unreformed and vicious land system. In no great country in the new world or the old have the working people yet secured the double advantage of Free Trade and Free Land together, by which I mean a commercial system and a land system from which, so far as possible, all forms of monopoly have been rigorously excluded.

Edinburgh, 1909

THE IMMEMORIAL CUSTOM

of nearly every modern state, the mature conclusions of many of the greatest thinkers, have placed the tenure, transfer, and obligations of land in a wholly different category from other classes of property. The mere obvious physical distinction between land, which is a vital necessity of every human being and which at the same time is strictly limited in extent, and other property is in itself sufficient to justify a clear differentiation in its treatment, and in the view taken by the state of the conditions which should govern the tenure of land from that which should regulate traffic in other forms of property.

Unearned Increment

When the Leader of the Opposition seeks by comparisons to show that the same reasoning which has been applied to land ought also in logic and by every argument of symmetry to be applied to the unearned increment derived from other processes which are at work in our modern civilisation, he only shows by each example he takes how different are the conditions which attach to the possession of land and speculation in the value of land from those which attach to other forms of business speculation.

"If," he inquires, "you tax the unearned increment on land, why don't you tax the unearned increment from a large block of stock? I buy a piece of land; the value rises. I buy stocks; their value rises." But the operations are entirely dissimilar. In the first speculation the unearned increment derived from land arises from a wholly sterile process, from the mere withholding of a commodity which is needed by the community. In the second case the investor in a block of shares does not withhold from the community what the community

needs. The one operation is in restraint of trade and in conflict with the general interest, and the other is part of a natural and healthy process, by which the economic plant of the world is nourished and from year to year successfully and notably increased.

House of Commons, 1909

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BOOKS RECEIVED

Development Means People Ed D. Taylor (London: Pergamon Press, 10s., New York: The Macmillan Company.).

Ancient or Modern (Vol. 2 of the Hobart Papers). A. R. Prest, Christina Fulop, Colin Clark, J. B. Heath, D. J. Robertson. (Institute of Economic Affairs, 25s.)

The Challoner Case by Mary Grigg. Penguin Special. (Penguin Books Ltd., 3s. 6d.)

Monopoly and the Individual by George Hardy. (Reform Publishing Co., Australia. Hard cover, 25s.; paperback, 9s. 6d.)

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A state that dwarfs its men in order that they may be more docile instruments in its hands, even for beneficial purposes, will find that with small men no great things can be really accomplished.

—John Stuart Mill