

THE SCOTTISH SECRETARY ON LAND COSTS

MR. TOM JOHNSTON, Secretary of State for Scotland, winding up the Housing debate on 15th March, left the impression that the cost of land was not a serious matter. He said they were now paying substantially March, 1939, prices, and in some cases they were paying less; that between the wars the average price in his part of the country had been £200 an acre, which, at ten houses to the acre, was equal to £20 a house; and that in loan interest and redemption spread over 60 years the cost of the land was equivalent to no more than 3½d. in the weekly rent of houses. Mr. Johnston's demonstration was not original. It repeats the gymnastic of Mr. John Wheatley, Minister of Health in the Labour Government in 1924. After twenty years, another Labour Minister belies the importance of the land question.

Mr. Johnston gave no figures by which his average could be verified. It is not supported by the experience of Glasgow, for example, for which some relevant facts are available. On 4th July, 1929, the City Council was informed that in the years 1918 to 1928 the cost of 2,698½ acres for housing sites had been £950,734, being an average of £352 per acre. The cost of 1,878 of these acres, previously assessed at £6,669 annually, was £729,000, being an average of £388 per acre. These facts speak for themselves. Even so, the striking of an average between wide extremes as prevail in the case of land prices is the least relevant of arguments, and may be as deceptive as it was to the man who was drowned attempting to cross a stream which he had been assured had an average depth of only one foot.

Unless many more than ten houses to the acre were built, Mr. Johnston will have difficulty in applying his 3½d. a week solace to the following Glasgow instances, which all relate to the between-the-wars period:—

£8,000 for 20 acres at Balgray (average £400); £9,196 for 9½ acres at Moss-side (average £968); £6,296 for 6½ acres at Langlands Road (average £968).—*Reply to Mr. G. Hardie, House of Commons, 16th June, 1924.*

It was ascertained later that the previous annual rateable value of the 9½ acres at Moss-side was £5.

£4,940 for 7 acres at Duke Street (average £720) and requiring £600 more to be spent upon road-making.—*Reported at the City Council meeting, 9th July, 1925.*

"There was land bought in 1926 by Glasgow Town Council from Mrs. Morgan of Polmadie. It was on the valuation roll at £1 per acre per annum, but the Corporation had to pay £61,850 for 58½ acres of it (average £1,057)."—*Mr. Tom Johnston at a Conference in Glasgow, 23rd March, 1929.*

To reduce the land rental to his 3½d. a week per house Mr. Johnston would have to crowd 53 houses to the acre.

"Lord Newlands owned a plot of ground about 4 acres in extent in Jane-field Street, Glasgow East. This ground

lay vacant for generations. Lord Newlands paid rates on a valuation of £10. He sold the ground in 1928 to the Glasgow Corporation and the Government valuer priced it at £1,400 per acre."—*Reported in "Forward," 6th September, 1930.*

£50,000 for 49½ acres at Govanhill (average £1,010), all rated at £81 annual.—*Among instances quoted at the Municipal Conference convened by the Glasgow City Council, 31st March, 1926.*

Feu duty (perpetual rent) of £2,032 5s. for approximately 62 acres of the Scots-toun Estate and £8,000 in addition for roads and sewers (the feu duty corresponding to a capital value of £40,645, or £655 per acre); £8,961 for 12½ acres at London Road (average £726 per acre). The previous annual rateable value of these two sites was £130.—*Reply to Mr. G. Hardie in the House of Commons, 12th March, 1931.*

There must, of course, be all the other purchases at well below the general average to balance against the prices that are above it, but we should need to know more about them before judging that any price is cheap. Areas acquired on the outskirts of towns or beyond their boundaries have to be linked with the town by new roads and with water, gas, electric, sewage and other services at a cost that may make apparently cheap land very dear indeed; and to the rents the newcomers have to pay must be added all the extra cost of travelling to and from work.

But that does not by any means exhaust the subject of the cost of land for housing. Slum clearances are a part of it, as in the Collyhurst and Hulme areas of Manchester, where the land costs were respectively £6,300 and £7,000 per acre, or where, as in London (*London Housing*, published 1937), the cost of land per dwelling ranged from £122 to £375, or in Poplar, as reported to the L.C.C. on 12th May, 1931, where it amounted to £41 10s. per room. Moreover, schools, hospitals, open

spaces and parks, not to speak of street widenings, are all bound up in the housing question. There were the play-fields of 6 acres at Crow Road, Partick, which in 1936 were offered at £2,250 per acre, and the Glasgow Corporation refused to buy; the street widenings in Sauchiehall Street, at St. Enoch and in Argyle Street, where the cost of the land worked out respectively at £121,000, £237,860 and £934,000 per acre. In the matter of school sites, the late Lord Wedgwood, when M.P., obtained a return showing that 105 sites comprising 290 acres compulsorily acquired under authority of the Board of Education in 23 English and Welsh counties had cost £218,477, an average of £753 per acre. For the most part the ground so acquired was previously agricultural and had been assessed at little or nothing for local taxation. Can Mr. Johnston present a happier picture for Scotland?

The instances we have quoted illustrate the level of land prices before the war and the meaning of that "March, 1939," ceiling which the Government think to set as a standard, satisfying Mr. Johnston that it is not being exceeded and that in some (unspecified) cases the price is less. Well may it be so. A most complaisant attitude is shown toward the land monopoly which if it is not broken down will destroy all hopes of future progress.

The reason why houses are dear and scarce is that they are taxed. The burden of rates is thrown upon them. Herein is the most important relation between the housing question and the land question that is so often ignored or overlooked—houses and all improvements are taxed because the value of land is allowed to go into private pockets; so that in the taxation and rating of land values which would at the same time prevent the withholding of land from use, derive the public revenue from values rightfully belonging to the community and lift the heavy burden of rates from the homes and occupations of the people, lies the true solution.

FEDERATED PROTECTIONISTS

A REPORT ON International Trade Policy was recently issued by the Federation of British Industries. It is wrapped up in popular phrases such as "co-operating for the common good," "orderly world economy," "full employment," "expansion of industry," and so on. It is thus calculated to appeal to present-day trends of thought. In particular, it seems intended to conciliate trade union and socialist thought by talking of "the jungle law of unregulated competition" in contrast with "planning designed to raise world prosperity."

The only planning, however, of which the F.B.I. approves is directed towards restricting imports and fostering combines and cartels. Of course, it is not expressed in such crude fashion. We are warned that "imports create debts and, if an importing country is unable over a period to meet those debts, the result is the same as in the life of a

private individual, namely, eventual bankruptcy." Elsewhere this report talks of one country transferring to another "its unemployment problem by forcing exports which the importing country does not want and for which it is unable to pay." This nonsense and much more like it is intended to form the basis of an argument for restricting imports which is the F.B.I.'s main object.

The underlying purpose is made clear in a passage stating that "the Committee feels that it should place on record its belief in the advantages which the change in our fiscal policy in 1931 brought to this country." But its protectionist and monopolist bias has now become bolder and more strongly marked. It says that "the Committee is strongly of the opinion that a system of quantitative control of imports is generally preferable to tariffs. It is realised, however, that

some industries may prefer tariffs to licensing, and in any case certain tariffs may have to be continued for revenue purposes." This is to say that certain industrialists are now emboldened to demand not merely a partial embargo upon trade and competition by means of tariffs but an absolute embargo by means of quotas. The control of our commercial policy is to be handed over to "industry," that is to say, to those industrialists who are rich enough and strong enough to enforce their views upon the government. The rest are to be squeezed to the wall and exploited for the benefit of the few.

All this is wrapped up in the most plausible professions of regard for the general good, for the interest of labour, and the protection of the standards of living of the workers. The prevalent belief in the virtues of control and planning is skilfully used for the purpose of putting trade in a straight-jacket, and imposing upon the country a fascist and totalitarian economic system such as we have with enormous effort and sacrifice been fighting for four and half years to resist. Those who believe in freedom must be constantly on their guard to see that in the moment of victory it is not filched from them.

This country should revert to the policy of free trade and follow it unswervingly, no matter what other countries may do. Free trade benefits the country which practises it, even if others do not. It would certainly be most beneficial to all if all practised it. But it would certainly be a mistake to postulate that a return to free trade must depend upon other countries agreeing to do likewise.

A complete freedom of trade would involve the abolition of all taxes levied upon the import or export or sale or purchase of any commodity. The revenue required should be got by land value taxation. Thus monopoly, whether based upon protective tariffs or upon land monopoly, would be attacked at its root. Trade and production would be both free and equal.

1s. PROTECTION OR FREE TRADE. The tariff question considered with especial regard to the interests of labour. "The most popular and most scientific exposition of the subject which has ever been written."—Lord Snowden. By Henry George. Abridged Edition. Cloth, 1s.; paper covers, 6d.

2s. 6d. PROGRESS AND POVERTY. An Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth—the Remedy. By Henry George. Complete edition. Paper covers, 2s. 6d.; in special binding, 3s. 6d.

1s. A BIOGRAPHY OF HENRY GEORGE. By Professor George R. Geiger.

2s. 6d. THE THEORY OF HUMAN PROGRESSION. By Patrick Edward Dove. Abridgement by Julia N. Kellogg. Published by the Robert Schalkenbach Foundation, New York.

6d. BACK TO THE LAND. The Essay by Dr. Thomas Nulty, Bishop of Meath. New Edition.

A FABIAN OUTLOOK

"THE PREVENTION OF GENERAL UNEMPLOYMENT"

UNDER THIS title the Fabian Society has published evidence submitted to Sir William Beveridge in connection with his unofficial investigation into the problem of unemployment. Like all Fabian publications it is prefaced by a statement that the opinions expressed are those of individuals and not of the Society collectively. However, it deserves some attention as expressing the typical views of many who believe that the problem of unemployment is primarily a monetary one.

The pamphlet commences by stating a series of propositions which it claims to be generally accepted. One is that "no student of the elementary economic history of the last 20 years could dispute the proposition that the immediate cause of general unemployment is a decline in total monetary expenditure." But is this proposition true? Would it not be as correct to assert that general unemployment is the cause of a decline in general monetary expenditure, and not the effect? Which of these statements is true is not to be demonstrated by economic history but by economic reasoning—which is so woefully lacking in all such discussions.

Even if it were true that the proximate cause of general unemployment is decline in total monetary expenditure, it would still be necessary to ask what are the causes of decline in total monetary expenditure. That question does not seem to have occurred to this Fabian group, but it is surely of first-rate importance and deserving of an answer. Or is it asserted that decline in total monetary expenditure causes itself, and is both cause and effect?

Basing themselves upon the proposition that decline in general monetary expenditure is the cause of unemployment, the authors of this pamphlet proceed to the next stage. This is that general unemployment can be prevented by increasing general monetary expenditure. "If more money is provided to persons in their private capacity, who do not normally save large sums, even at the margin of their income, the problem of spending is solved." How is this to be done? Very simply according to these writers. "The Chancellor of the Exchequer, as soon as he is satisfied that a serious contraction in monetary outlay has begun, should order a reduction (no doubt on a 'progressive' scale) of the amounts to be collected at source on account of liability to income tax. He should then finance the deficit thus deliberately created in his Budget, by 'inflationary' borrowing from the Banks."

All this seems delightfully simple. Why has no one ever thought of it before? But indeed it has been thought of before. There have always been those who have thought on these lines. These were in essence the arguments by which John Law prevailed upon the Regent of France to support his Missis-

siippi scheme. The only difference is that in those days the operation was performed by issuing bank notes, and nowadays it is proposed to effect it by creating bank credits. But the essence of the two things is the same. These gentlemen who think they can interpret so simply the economic history of the last twenty years would be well advised to study more economic history.

The fallacy involved is one of the most common in economic affairs. If one individual is given more money, he of course becomes relatively better off. If one individual is given the advantage of a protective tariff, he also of course becomes better off. But how? At the concealed expense of his fellow citizens. If more money be given to all individuals, or if all could be given tariffs protection, none of them would be any better off. In practice, of course, neither of these things is possible. Some get more advantage and some get less, and these devices are in the end merely means by which some are made poorer and some richer at the expense of their fellows. The total amount of wealth available to them is not increased, but it is shared differently. Nay, in both cases the ultimate result may easily be that the total wealth of the community is diminished, because these devices upset the structure of production and tend to divert labour and capital from more productive to less productive fields of effort. Moreover, in the shift of wealth which takes place it is as a rule the poorest who suffer, and those who are best off gain at their expense.

Proposals of the kind made in this pamphlet may be made to wear an attractive and simple appearance, but the simplicity does not arise from a firm base in the first principles of economics. It arises from paying attention only to symptoms, and from failure to look for causes. It is the simplicity of the simpleton and not of the scientist. What the economic history of the last twenty years does teach us is that to attempt to suppress the symptoms of economic disorder without eliminating the causes leads to increase of the disorder and not to its cure.

An "expansionist" policy, as it is called, is simply a policy of decreasing the purchasing power of money and of raising prices. When such a policy is begun, or even threatened, a number of people seek to get rid of their money and buy something in exchange for it which will go up in value. Above all, they seek to purchase land, not for use, but to hold it for a higher price. Thus one result of an expansionist policy may easily be to cause more land to be held out of use, and to stop production at its very source. In that event this policy, designed to cure unemployment, would in fact create it. But those who advocate such plans seem to forget that there is such a thing as land or that it is the pre-requisite of all production.