

population of 47,450,000, the number over 15 years old is 36,676,000. Of them there are only 9,700,000 who get an income of more than £125 a year and of these there are 6,000,000 whose income is so small that after deduction of the "personal allowances" they come below the level above which incomes are taxed at all.

Governments, not concerned to solve such an astonishing and anomalous state of affairs as this unequal distribution of wealth and not concerned to believe that there are barriers they could remove whereby the production of wealth could be enormously increased, inflict indirect taxation upon the mass of the people. That way they think to get revenue, but that way they perpetuate social injustice and the poverty amidst actual and potential plenty.

The cause has long ago been investigated and proved to a demonstration. The statement is: The reason why in spite of the increase of productive power wages constantly tend to a bare minimum which will give but a bare living is that with the increase of productive power the rent of land tends to even greater increase thus producing a constant tendency to the forcing down of wages. *If this is true*, the remedy is clear: to stop the private appropriation of the rent of land and make it the public revenue, taking taxes off all buildings and improvements and all other results of work and taxing the value of land instead. In other words—to abolish taxation save that upon land values.

PROFESSOR PIGOU ON CONSUMPTION TAXES

In his excellent little book on *The Political Economy of War* (MacMillan & Co. Ltd., 5s.), which we hope to review in a later issue, Professor Pigou has a discussion of the various methods of restricting private consumption of articles which should be dispensed with in order to make resources available for the prosecution of the war. There are, he points out, three methods. One is by propaganda, that is by persuasion. Another is by taxes or duties on articles of consumption. The third is by rationing. The Government's proposed purchases tax is advocated partly as a means of reducing consumption. Professor Pigou points out that the amount by which each purchaser will reduce his consumption of the articles affected will depend upon the amount he consumes and the elasticity of his demand for them. As between people who are equally well off this method, as contrasted with rationing, leaves it to their own volition to choose which of the articles affected they will most conveniently dispense with. As between persons of different degrees of wealth the result is less satisfactory. "In the first place, as is well known, all specific duties upon articles of wide consumption tend to strike poor people very heavily as compared with rich people, because they do not take account of differences of quality. There is, therefore, a danger that a large use of the method of duties would involve an undue burdening of poor people. This danger could no doubt be obviated by a judicious compensating arrangement of direct taxation. But, in the second place there is a danger that, even if the aggregate tax burden thrown upon poor people is not made unduly large, poor people will be forced to divert their consumption away from the particular things subjected to duty to an extent that injures them more than it helps the Government." On the one hand, he says, the method of direct restriction "can be applied in such a way as to leave the consumption of really poor people untouched." This appears to be a decisive answer to the suggestion that the sales tax is a good method of restricting consumption. The fiscal arguments against it are equally strong.

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LANDLORD SUBSIDIES

Answering questions (by Mr Lipson and Mr Barnes) in the House of Commons on 11th April, Sir R. Dorman Smith, for the Ministry of Agriculture, gave the following figures of the approximate expenditure on subsidies in the year 1939:

	£
Cattle—payments to producers	3,942,500
Milk—payments in respect of milk for manufacture and quality milks and for increasing the demand for milk (a)	2,303,400
Land fertility improvement—Contributions toward the cost of acquiring and transporting lime and basic slag	1,117,000
Oats and barley subsidy—payments to occupiers (a)	2,528,000
Ploughing grants—payments to occupiers (a)	847,900
Sugar—manufactured from home grown beet	2,651,700
Land drainage grants	303,500
Deficiency payments to registered growers of wheat (year ended 31st July, 1939)	9,290,935

(a) Excluding Scotland for which provision is made on a vote accounted for by the Department of Agriculture for Scotland.

The total of these subsidies, with figures to fill in for Scotland, amounts to £22,984,935.

In regard to the exemption of agricultural land from rates, Sir Dorman Smith said it was not possible to express in terms of money "the benefit which agriculture has derived from de-rating" during the latest years. The amount included in the block grant in respect of the year 1938-29 on the basis of "the benefit to agriculture" in that year totalled approximately £10,800,000.

From the above information, it appears that the annual dole to agriculture—the dole which does ultimately maintain and raise land prices for landlord benefit—amounts to at least £33,784,735 a year.

In the matter of de-rating (for which legislation Mr Winston Churchill was mainly responsible), the *London News* of May had a special article concluding with the criticism: "De-rating means public subsidies for private interests—increasingly at the expense of the ratepayers—and subsidies that are no longer necessary. Its ultimate effect is to increase land values (by reducing a normal outgoing) and so the landlord, who already escapes paying rates as such, is further enriched, while at the same time, the local rating authorities are suffering additional heavy losses. The charge in the national Exchequer for de-rating is over £22½ millions a year (including the three-quarters relief to factories.—ED., L. & L.) The uncompensated loss of the local rating authorities is nearly £3 millions a year. This is sheer waste and a waste that should, in this time of national emergency, be at once terminated in the interests of that national saving we are all urged to pursue."

Mr H. Bronson Cowan's article "Principal Handicaps on Building Industries", which appeared in the *Journal of the Royal Architectural Institute of Canada* and was noticed in our April issue, has been reprinted in full and published as a folder by the Robert Schalkenbach Foundation of New York. A good piece of propaganda for wide circulation.

Last month we reported that the Land Values Group of the Parliamentary Labour Party sent a letter to the divisional Labour Parties throughout the country enclosing a new leaflet, *Why Not Rate Land Values?* and urging that the matter be brought before their executives and trades councils and to get local borough or town councils to make demand upon the Government for the necessary legislation. Local centres in Edmonton, Ealing and Eastleigh have reported that the local borough councils have already taken action. The following divisional Labour Parties have reported decision to move in the matter as proposed by the Group: Aberdeen, Balham and Tooting, Brentwood (Chichester), Buckingham, Chester-le-Street, Chichester, Chorley, Clapham, Cleveland, Colne Valley, Dumbarton, Gateshead, Ilkeston, Melton (Leicester), N. Edinburgh, N. Hackney, N. Islington, N. St Pancras, Richmond, Skipton, S. Paddington, Sowerby, Stretford, West Leyton, Wirral.