

LAND & LIBERTY

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RECONSTRUCTION AND LAND SPECULATION

Since assuming office as Minister of Health, Sir Alfred Mond has been chiefly engaged in putting the break on the housing policy inaugurated by the Government in 1918. Local Authorities, after having been persuaded if not goaded into a great and expensive enterprise, now find the whole machine reversed. Permission to embark on new schemes is refused if these entail any financial assistance from the Treasury, and the order of the day is to sell what houses have been built, even if the price realized is only half the cost of construction.

The housing programme must be stopped and restricted to the schemes completed or in course of completion, leaving the house famine as severe as it was. The number of the houses built or to be built (some 200,000 in four years) is still considerably short of what is required to meet the normal growth of population. The cost of these houses is revealed in the fact that they have created a public debt on their own account of nearly £200,000,000 with interest at more than 6 per cent. After the occupiers have paid as much rent as they can afford and the local rates, there will be an annual deficit of £10,000,000 or more to be made good by the taxpayer. The average annual loss on each house is about £59; in some of the housing schemes the loss on each house is as much as £98 a year. This money may be regarded as so much outdoor relief and public charity to the tenants of the municipal houses, or so much annual tribute exacted from the people generally for the benefit of the privileged interests that have so successfully exploited them while the Government was making this gigantic experiment in the scheme of things known as "money for social reform."

Out of the debris of the experiment the local authorities have one ruinous asset in the large areas of land, not now required, yet bought on their behalf at fancy prices—at the so-called "building value" 100 to 500 times the annual value at which it had been assessed for taxation. That land can but revert to agriculture or allotments, without hope of ever recovering the expenditure incurred in buying out the local landowner.

Dr. Addison, the Minister originally put in charge of the Government's housing programme, scorned the idea that the only practicable housing policy was to remove the artificial obstacles in the way—take taxation off houses; and tax land values to cheapen housing sites and prevent any private monopoly of the natural stores of raw materials. "My job," he told the Labour Housing Association in February 1919, "is to promote the provision of houses as rapidly as possible and I decline to embark at this moment, when I am engaged in this gigantic job, on opening out the whole rating question which is mainly complicated and controversial." That was his answer to the demand for the taxation of land values and the repeal of taxes levied on houses. The Government proceeded to pass a Land Acquisition Act, providing that the maximum price of land compulsorily acquired by public authorities should be the "full market value." So, with State funds at the disposal of the municipalities, fortunes were made by owners of the suburban land that had been practically exempt from taxation because it was "agricultural" or lay idle. But there was no legislation to set even the higher limit of "full market value" to the price of land containing raw materials, or to the prices of the raw materials themselves. Where land monopoly has the greatest and most intimate bearing upon the housing question—far more important than its power to charge excessive prices for housing sites—there speculation was unrestricted and the plunder outrageous. As Mr. Tom Myers reminded the House of Commons on 27th February, during a debate on compensation for cancelled housing contracts, the reports of the Profiteering Committee, issued in 1920 and 1921, indicated that as compared with pre-war times, sand had increased in price by 214 per cent, lime 263 per cent, cement 204 per cent, tiles 275 per cent, drain pipes 261 per cent, York stone 464 per cent, bricks 178 per cent, and so on. All these products come from the land, as does every article essential to the making of a house. The materials have been provided by Nature without stint, but the land where they lie is private property, and the pick could not go to the face of the quarry or the mine, nor the spade remove the sand, unless terms were first made with some one who had the power to say "this is mine." How can houses or any other product of labour be supplied cheaply and in abundance, if that kind of obstruction must ever stand in the way?

In the period immediately following the war, with prospects in sight for the revival of industry, and the call for a new and better social order, Mr. Lloyd George had his opportunity as Prime Minister to prove that he meant what he said when he was out "to burst land monopoly." But his schemes of reconstruction were found to be nothing more than the "money for social reform" method of boosting land monopoly. Housing and land settlement were to depend on land purchase at "full market value." The rent of farm land was to be subsidized with doles to guarantee minimum corn prices. Conditions were heading for a great land boom in any case, and Mr. Lloyd George entered this arena with his public proclamations that the State would be the greatest buyer of all. It is safe to say that his speeches at the time added millions

to the speculative price of land. And as he helped in this way to promote land speculation, so in equal degree he is responsible for the present unemployment that is its necessary consequence. His schemes of reconstruction all lie in pieces at his feet. In no case can the failure be attributed to causes connected with external trade or foreign rates of exchange or the desolation in Europe. The failure must be attributed alone to the effects of the speculation in land which sent up the price of land beyond the amount that labour and capital could pay. There is no other explanation than this for the £10,000,000 a year loss on the 200,000 houses, which forced the Government itself to cancel contracts and call a halt to the extravagance. There is no other explanation for the inability to satisfy the tens of thousands of applicants for land who wait in vain for the promised small holdings. There is no other explanation for the present plight of the farmers, who to avoid eviction during the boom, bought their farms from their landlords. The land boom has been followed by the inevitable depression. The prices of commodities have fallen for reasons that need not be discussed here; but they have fallen. The rent of land has not fallen to the same degree. If it had, there should be no greater disability for labour and capital to produce goods or grow crops than there was in the time of the boom. The holding of land out of use in the attempt to maintain its monopoly price is the manifest cause of the stoppage of production that has thrown 2,000,000 people out of employment and kept them there.

Truly, in the present circumstances, as Sir Alfred Mond told the House of Commons on the 13th March, "the demand for houses is not the same as it was." The getting of a house and the building of new houses has been made an impossibility. The same is true of anything and everything. The growth of poverty has curtailed the demand for boots and shoes, for shirts and stockings, for food and clothing, for all commodities of general use. The greatest market for British products, with an unlimited demand from potential consumers, is in Britain itself; but we are told to look abroad for some extraneous reason for the stagnation and starvation in our midst.

Free trade with all the nations, and the opportunity to produce for and buy from the world's markets are things earnestly to be desired, and if the Genoa Conference does something in that direction, it will do a great work. But the reduction, or even the complete removal of the Customs barriers between different countries cannot in itself cure unemployment nor raise wages. Freedom of exchange is an instrument that enables labour and capital to produce with the greatest efficiency and with the least expense all the goods that are wanted for consumption, just as the farmer produces corn so that he may have clothes, or the manufacturer makes ploughs so that he may have food. Freedom of exchange cannot make trade nor create wealth where the buyer and seller are not free to produce.

The Taxation of Land Values, which is the ready instrument to cut through the monopoly of land everywhere, is what is wanted, and it is incumbent on our people at home and abroad to do their very utmost to develop public opinion for this essential reform.

A. W. M.

THE WAR PROBLEM IN A NEW LIGHT

With few reservations we pronounce Mr. John E. Grant's "The Problem of War and its Solution" * an excellent book. Its conclusions will commend themselves to all who have caught sight of the fundamental truth that gives meaning and value to the word Democracy. Its survey of human affairs extends from the beginnings of historic times to the passing day; from the influence of heredity and the origin of language to the psychology of war in its most recent manifestations. It deals sympathetically though critically with Darwinism and the Evolutionists, and incidentally conveys much valuable information on matters of pure physical science. At the appropriate point the author leaves the field of Cosmology and Physics and diverges along that line of thought which most interests the world at this critical moment of its history—the science of Man in society. There, he encounters the numerous superstitions that have obstructed the development of the human understanding since civilization began—original sin, the struggle for existence, the Malthusian doctrine, the unchangeability of human nature. With all those subjective and brain-spun theories that have woven themselves into a compact body of belief with a delusive appearance of objective reality and which have constituted what Spencer called a "super-organic environment" to the race mind, Mr. Grant wrestles valiantly. And thus he arrives by successive stages at his arguments upon "the origin of evil," "the secret of history," "the psychology of captivity," and, finally, "the rule of the land" in the payment to the Commonwealth of the value of special privileges enjoyed, as being the rational regulative principle of human living-together, as the rule of the road is for vehicle drivers, or the rule of the sea for the right regulation of navigation.

Among the original conceptions which enrich this book (if, out of the constant flux and interchange of thought, there ever emerges an entirely original idea) one must note the arguments from the laws of crystallization with which the author meets the Malthusian theory of the tendency of life to outgrow subsistence. "A crystal in its enviroing solution will not grow unless the solution is in a super-saturated condition—when the solution is reduced to the condition of saturation (or equilibrium) no further crystallization takes place. Crystals are not "born" when they are not wanted, and a condition of "overpopulation" of crystals, *unless the enviroing solution is interfered with*, is a physical impossibility." The application of this argument on the higher planes of evolution is lucidly set forth in propositions which we may attempt to epitomize as follows:—Inorganic matter constitutes the "solution" out of which, when "super" saturated with the chemical elements needed for plant life, plants will come to birth and multiply, until—and only until—the "super" supply of the nutritious element is reduced to equilibrium. Vegetable life constitutes the "solution" out of which animal life is born for as long as there is a "super" abundance in it of the elements necessary for animal subsistence, but in which no more animal life will appear when these elements are reduced to the balancing point. With the aid of a quotation from Haeckel the author also argues that as the limit of individual size is determined for each species by two factors, the inner constitution of the plasm and its dependence upon outer environment, there is every reason to believe that the ultimate volume of animal life that may come to birth and live healthily is determined beforehand by the same natural and painless principle of limitation, and that the Malthusian terror of over multiplication is as unreasonable as the assumption that the rate of growth in an infant would be maintained indefinitely through life. We are thus brought, even at this point, within sight of the need for abandoning the old hypothesis

* "The Problem of War and its Solution." By J. E. Grant. Geo. Allen & Unwin, London. Price 12s. 6d. net.