

be done is that there should be a good marketing system. Not a word about the price of land. Nothing about reducing rent.

It is indeed true that we must "bring into fruitful activity our unutilized labour, our idle capital, and our undeveloped resources and opportunities." What prevents that from being done? The rate of interest has not been so low for a generation. It can hardly be suggested that wages are too high. What is too high is land value. It is because of the price asked for natural resources that they are unused. Can Mr Lloyd George not read the signs of the times? Does he not see that land values are rising? And as that is taking

place we see that unemployment is becoming stationary again. After falling somewhat from its peak point of 1933 the percentage of unemployed during the past seven months has remained practically constant.

In short the failure of Mr Lloyd George's New Deal is measured by its reluctance to attack any vested interest. His denunciation of the existing system will meet with ready sympathy from all reformers. His aspirations for a better state of society will be shared by all thinking men. It is the plan for destroying what is wrong in our social system and for building up a better one that is lacking.

F. C. R. D.

A DOCTOR'S MANDATE

Mr R. J. Cruickshanks, the New York correspondent of the *News Chronicle*, reports in that paper that 24,000,000 signatures have been collected for petitions in favour of the Townsend Pension Plan, which is sweeping America like a prairie fire in a drought. No other nostrum produced under the stress of the times has aroused such fanatical enthusiasm. Hundreds of zealots are marching through West and South making converts by the thousands. Under pressure from their readers, editors of Western papers are being forced to give great prominence to the plan. The mailbags of Congressmen are bursting with petitions and many members are frightened by the enormous political power that has been suddenly conjured up.

Dr F. E. Townsend hails from Long Beach, California. His panacea is simplicity itself. The Government should offer every citizen over 60 years of age a pension of £8 for life on three conditions: that he does not possess a criminal record, that he promises not to work for a wage any more, and that each monthly instalment of the pension will be spent within 30 days of its receipt. The necessary money to pay the pensions would be raised by a retail sales tax. The theory is that the cash paid to the pensioners would be spent by them within a month. It would be collected again in the tax levied on all goods sold, then paid to the pensioners once more, and so on in an endless circle guaranteed to produce universal prosperity.

We recall the following passage in the chapter in *Protection or Free Trade* where Henry George examines the contention that the tariff encourages the protected industries; and then the protected industries encourage the unprotected industries; that protection builds up the factory and the iron furnace, and the factory and the iron furnace create a demand for the farmer's produce:—

"Imagine a village of, say, a hundred voters. Imagine two of these villagers to make such a proposition as this: 'We are desirous, fellow citizens, of seeing you more prosperous and to that end propose this plan: Give us the privilege of collecting a tax of five cents a day from everyone in the village. No one will feel the tax much, for even to a man with a wife and eight children it will only come to the paltry sum of fifty cents a day. Yet this slight tax will give our village two rich citizens who can afford to spend money. We will at once begin to live in commensurate style. We will enlarge our houses and improve our grounds, set up carriages, hire servants, give parties and buy much more freely at the stores. This will make trade brisk and cause a greater demand for labour. This, in turn, will create a greater demand for agricultural productions, which will enable the neighbouring farmers to make a greater demand for store goods and the labour of mechanics. Thus shall we all become prosperous.'

"There is in no country under the sun a village in which the people would listen to such a proposition."

But in other terms and under other disguises the self-same proposition has deluded millions of voters and their parliaments, not alone in America but all over the world, into the support or adoption of policies that are of the nature of beggar-my-neighbour to enrich the whole community. Almost word for word the British sugar subsidy was so defended, and Frederic Bastiat with his Candlemakers' Petition, or Dr. Townsend for that matter, might have been in the House of Commons on 18th March, 1925, to prompt the speakers when the Bill was passed. Mr Ramsay MacDonald gave it his blessing because of its fair wage clause and took 75 Labour Members with him in support, while 38 voted against. The then Conservative Minister of Agriculture, Mr. Wood, said that 10 men would be employed on every 100 acres under sugar beet; the factories would employ 600 men; there would be new demands on the engineering industries; coal, limestone and the railways would feel the benefit. Mr Noel Buxton, Minister of Agriculture in the previous Labour Government, saw in the bounty a sort of educational grant which would induce habits of better manuring, deeper cultivation and pioneer farming. The Marquis of Titchfield saw 300,000 tons of coal and 120,000 tons of limestone being sent annually to the factories. Colonel Courthope and other speakers saw an actual gain to the State by men being taken off the unemployment dole, and Major Davies pictured the openings that would be given to the young chemists from the universities. And so on. They had all given us the village, which Henry George said could exist only in imagination, and their village was the United Kingdom as a whole in which these miracles were to be performed by taking £2,000,000 a year or more in taxation from some persons and transferring (less costs of collection) that purchasing power to other persons.

The sugar subsidy is, alas, only one instance of many such schemes, from protectionism in all its moods and tenses to the marketing boards and the wheat and meat and shipping subsidies. Just compel some people to pay more for what other people provide; give the second lot of people the purchasing power which the first lot of people would otherwise have, and the millennium is round the corner. It is the notion underlying all those schemes to make employment by spending public money, whether raised by taxation or by loans. Mr Franklin Roosevelt has embodied it in his policy called grandiloquently the New Deal, and adopting that fancy label Mr Lloyd George speaks in hundreds of millions of the new public debt he would create to buy our way to the abolition of unemployment. It is the confidence trick on a handsome scale, which stated in a simple elemental way to the shrewd inhabitants of the imaginary village would not deceive a soul.

Mr Ramsay MacDonald, as Prime Minister of the National Government, asked for a doctor's mandate to

overcome the malady of industrial distress. We have been served with the questionable medicine of the general levy of tariffs on consumers and of the subsidies and quotas to raise prices. Every specific in the protectionist drug-shop has been tried but the patient refuses to recover. Now, apparently, despite the lessons of the 1931 collapse, there is to be recourse again to infusing the circulation of the patient with his own blood, if there is anything in the rumour that Mr Lloyd George proposing this treatment is likely to join the panel of medical advisers.

In America they go one better in the way of a doctor's

mandate, and it is amusing, if not alarming, that there are so many believers. Dr Townsend is described as a mild-mannered, humorless, white-haired family physician. Humorless perhaps, if the Captain of Koepenick could be said to be so. Consciously or unconsciously he is the greatest jester of the day. He has no competitor in the circus. He is the clown who has the laugh on his fellow clowns and other performers. If the onlookers can see that he has the laugh on them also, Dr. Townsend will live to be remembered as a saviour of mankind. The point of his joke is that what is worth doing is worth doing well. A. W. M.

FORTUNES FROM LAND VALUES

By Francis Williams

City Editor of the "Daily Herald" in its issue of 25th January.

Many millions of pounds of idle money, which cannot find employment in industry, are now seeking investment in property of all kinds.

As a result, property-owners are experiencing one of the biggest booms in memory.

So great is the rush for office, shop, and residential property as an investment that the demand cannot be satisfied and values are rising rapidly.

Messrs. Knight, Frank & Rutley, the West-End estate agents, yesterday publicly advertised that they were seeking suitable property for the investment of more than £2,500,000 of clients' funds.

REASON FOR RUSH

This follows public issues of capital to finance new property deals to a total of more than £2,083,000 as well as the announcement by another agent that he has £2,500,000 to invest.

Other estate agents and property trusts declare that it is now becoming almost impossible to find good property investments, so great is the demand.

The rush is due to the big reduction in the yields obtainable on sound Stock Exchange securities as the result of the large amount of idle funds in the banks and elsewhere, estimated at more than £300,000,000.

REACHING CLIMAX

Many big investors have decided to get out of Stock Exchange securities into property in the belief that a much higher yield can be obtained.

The boom, which is now reaching its climax, has already made fortunes for many property owners, who have sold out at record prices.

It has been developing rapidly for some time. Last year 998 new property companies were formed, the majority being private.

Public issues by property companies, mainly to finance new deals, exceeded £11,000,000.

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The view expressed by Mr Williams is confirmed by the yearly reviews of the property market published by various well known firms of estate agents. The *Daily Telegraph* (7th January) quotes from Messrs Wooton & Son, Lime Street, London:—

"Ever since the end of the War property values have been steadily rising, and the changes which have taken place in the economic structure have up to the present all been beneficial to the investor in real estate. The post-War inflationary periods, with their natural reactions, brought about capital appreciation, and

this was subsequently followed by the present Government's debt conversion scheme. These favourable movements, incidentally, re-established the confidence in 'bricks and mortar' which was so badly affected by the pre-War legislation of 1909, when much capital was lost in the slump following the imposition of land taxes.

"The glut of money which now prevails has naturally brought into the property market many eager buyers anxious to secure a yield higher than is obtainable on gilt-edged and similar securities. The result has been that a very limited market has been practically stripped of sound investments, and prices have been forced to a level only comparable to those ruling at the end of the nineteenth and beginning of the twentieth century, when we find on referring to office records that ground rents were—for a short period—selling on a 3½ to 3¾ per cent basis, with a correspondingly low yield on other property investments."

Messrs Hampton & Sons, Ltd., of St. James's Square, London, say:—

"Business in connection with the sale and purchase of residential and sporting estates has improved, but activity in regard to purely agricultural properties continues to be restricted pending the rise in value predicted in consequence of the various efforts on the part of the Government to improve conditions for farmers."—(*The Farmer and Stockbreeder*, 14th January.)

A PRESTON CASE

Indignation was expressed by several members of the Lancashire Education Committee meeting at Preston on 21st January, at the price of £1,300 an acre for eight acres of land for a secondary school at Stretford. Mr Aitken said they had been unable to get it at a lower figure although the negotiations had been prolonged. It was a rapidly growing district, and if the committee did not acquire the land it would rapidly be taken up. The Government valuer had valued the land at £1,100 an acre.

Mr J. Eastham (Kearsley) said it seemed that Shylock had been at work. How long were public authorities going to stand this constant bleeding by landed proprietors? If nobody took a stand against it there was no telling where the ramp would end.

Alderman W. M. Rogerson (Walkden) described it as "a scandalous thing" that land which a few years ago was open country should be valued by the district valuer at £1,100 an acre.

Mr R. I. Constantine (Accrington) said it was another instance of the rapacity of the landowners.

Alderman W. Hodgson (Poulton-le-Fylde) said the price originally asked for the land was nearly £3,000 an acre.