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FARMING BLIGHTED BY TARIFFS AND SUBSIDIES

Capt A. R. McDougal's Correspondence

NO ONE can speak with greater authority on matters affecting agriculture than Capt A. R. McDougal, of Blyth in Berwickshire, himself a tenant of a mixed farm of 4,000 acres and with an experience of many years. And few farmers have done more than he to relate the business of farming to the need for a wise and just land and taxation system. The various pamphlets he has produced are illuminating, the latest of which is entitled *The Real Cause of Agricultural Distress*.* Capt McDougal uses every opportunity to make his views known in letters to the papers, as well as at meetings, and has recently had much correspondence with others in the *Scottish Farmer*, the *North British Agriculturist* and the *Glasgow Herald*. He makes the strongest possible plea for Free Trade and the Taxation of Land Values. The following extracts from his letters deal particularly with the fallacies of subsidies and tariffs and the injury they do; and his criticism of the Scottish National Farmers' Union is certainly not unjust or out of place:

As regards the past seven years, the policy pursued by the N.F.U. was to obtain as much by way of protection, subsidy, quota, marketing board scarcity price-raising schemes as possible, ignoring entirely the fact that if successful the benefits would all disappear in rents. It has been obsessed with the idea of prices to the exclusion to a very great extent of other more vital elements of the problem of farming distress. It has fought the battle on one front only, and that front was the one where victory could not permanently benefit either agriculture, the farmer or farm worker. Even the occupying owner did not benefit as a farmer, but as an owner, and the benefit was confined solely to existing owners. New buyers had to pay a bigger price on account of the benefits, if any.

Bluntly, what is the present policy in practice? It means that a widow with a young family, or a disabled ex-serviceman, or a low-paid wage earner struggling along on an inadequate pension or low wage, is com-

pelled to pay more for her food, bread, beef, potatoes (mutton perhaps), bacon, milk and oatmeal, on account of the present agricultural policy, and that the money so exacted from these poor people goes first to the tenant-farmer who in turn, under stress of competition, must hand it on in shape of higher rent than he otherwise would have paid to the landowner. The burden on the consumer may easily come to over 2s. per week per house, and, in effect, it is the same as if the farmer or any other residuary legatee of these subsidies had to call every Monday morning on these poor people to demand his weekly toll of 2s. It is a pity that collection is not made thus, as it would make the recipients realize the ignoble way in which they are obtaining this money.

The farm worker's causes of distress are two. First and greatest has been the system of rack-renting. The farmer paying an excessive rent must, unless he has money to throw away, cut at everybody, and wages, unfortunately, are a very vulnerable target. High rents have undoubtedly caused low wages to a great extent.

Secondly, the competition in times of depression of the unemployed man for his job, and in particular his house, has been a cause of low wages. The unemployed farm worker is faced with being a houseless worker. The wages board has helped and this is the only legislation that has helped the worker. Subsidies, price raising boards, quotas, levies, tariffs, etc., have all severely injured the worker by increasing his cost of living.

If a wheat-growing farm is to let, which without a subsidy would fetch say a rent of £400, then it is surely evident that with a subsidy of say anything from £1 to £5 per acre it will fetch more rent—say £500 or more. Who is the ultimate beneficiary of the wheat subsidy, if it is not the owner of the wheatlands? Whether rents have gone up or down is irrelevant, as they vary for many causes. The fact is that whatever the rent is, it is so much higher than it would have been if there had been no subsidy.

A subsidy or State aid is like a bone thrown to a pack of hounds. A scramble ensues, and the strongest hound

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gets the bone. Immediately a mutton subsidy is given, the feeding farmers will find the price of sheep and lambs raised against them in the store market to the full amount of the subsidy, so the feeder will get nothing; the increased price will add to the cost of living; the breeding farmers, who will at first obtain an increased price, will have to face increased land values and will eventually have to pay away in higher rent all the benefit they get; the incoming tenants and would-be farmers will have to pay more for their sheep stocks at their in-go, as well as pay higher rents and prices for their land than they otherwise would.

The present rate of State spending and profligate subsidy mongering cannot continue for long, and when the economy axe is suddenly wielded, the position of tenants tied to farms at inflated rents and occupying owners with farms bought at inflated prices will be ruinous.

The Department of Agriculture's report on the profitableness of farming in Scotland says: "The industry is adjusting itself to subsidies and the organization of many types of farming is so changing as to make them more dependent on assistance of this nature, a matter which, taking the long view, *can only be a subject for concern.*"

Up till 1931 under free trade, farming, as far as most of us find, was more prosperous than it is now under protection. Protectionist farmers forget that everything we buy now is much dearer than it was under free trade. In fact, what I warned them in 1930 would happen, has happened, viz., every other industry has got effective protection except agriculture, and agriculture never will get it, because no Government dare raise the price of food very much.

A return to free trade will bring down our costs of production and I am certain that the prices we receive will be little, if any, less than now. In fact, the subsidizing and protecting of other foods and goods has so reduced the consumer's purchasing power that inevitably prices of unassisted foods have fallen, viz., mutton, etc. Protection and subsidy are like drink or drugs—to be effective one must continually increase the dose, but the end of that is death, both in man and in industry. Taxation of land values is necessary along with occupying ownership in order to prevent the appalling exploitation of land by its owners whenever any is needed by a local authority for sites, roads, water, etc. In a recent *Scotsman* one reads that Aberdeen road improvement is held up because of the extortionate demands of land-owners.

The Government have legislated *solely* for the land-owner and the bondholder, and except for the Minimum Wages Act, not for agriculture or agriculturists at all.

The whole orientation of the present policy of the Government and the N.F.U. has been scarcity mongering and artificial price-raising, with complete failure in everything except maintaining inflated land values.

A complete reversal of this policy is needed, and a new policy based on the lines suggested should be adopted.

No policy can succeed that does not free the farmer from the evils of the present landlord and tenant system, and that does not welcome plenty, and that does not legislate for the consumer.

It is to be feared that in late years the N.F.U. Central Executive has been captured by short-sighted occupying owners and extremists who can think of nothing but howling for State doles, and by cranks who are obsessed with complicated and tyrannical marketing schemes.

Given a decent land system, the British farmer requires *no help whatever.*

The Municipal Elections

The question of rates has played a larger part than ever in the Borough Elections campaign. There have been those who have called for economy in municipal expenditure, although concrete examples of how any substantial reduction can be achieved have not been in evidence. The fact is that the average local authority cannot generally be proved to have been either wasteful or extravagant. The demand for economy is rather a confession that the existing system of raising local revenue is breaking down, and that the burden it casts upon the majority of ratepayers is becoming intolerable. The local authorities are coming to the end of their resources. Nor is there any hope of substantial increase in subventions from the national exchequer, for the tax-payers are already being subjected to enormous expenditure for re-armament and other purposes.

Recognition of these facts has led many candidates to follow the example of the London County Council and other local authorities which have advocated the rating of land values. Opponents deplore the introduction of "politics" into local affairs, but so long as the power of determining the method by which the revenues of local authorities rests with Parliament so long must this question inevitably be a political one. Local authorities would be failing in their duty to their citizens if they did not take every opportunity of bringing the case before Parliament in order to secure the redress of the grievous injustice under which their ratepayers are labouring.

Garden Cities Possible

In a statement in *Town and Country Planning* by Sir Raymond Unwin we find: "If the whole of the population of forty-one millions expected to be found in England and Wales in 1941 were accommodated in cities such as Letchworth, the total area occupied would be 4,312 square miles out of a total area for the two countries of 58,249 square miles." It would be interesting to know how much more than 4,312 square miles is being held at speculatively high prices in the hope that some day someone will acquire it for building. Meantime the high prices demanded compel congestion of building on such land as is used. A general measure of land value taxation and rating would soon bring down these prices to more reasonable levels and facilitate a rational and economical urban development.

Eyesores of Emptiness

In its quarterly organ, *The Holborn Bulletin*, a complaint is made by the Holborn Chamber of Commerce of untidy empty premises in the main thoroughfares of the Borough. It refers to them as eyesores of emptiness and says that they are not merely an offence to aesthetic taste but damaging to the whole neighbourhood. "For many months past the trading value of occupied premises in New Oxford Street has been lowered in this manner." Occupiers of other properties have to pay rates, and indeed more rates, while these empty premises pay nothing. There appears to be a good argument in this in favour of the London County Council's Bill for rating site values, and it is to be hoped that the Holborn Chamber of Commerce will give that measure its full support.