LORD SNOWDEN ON MR LLOYD GEORGE'S "NEW DEAL"

In his pamphlet on "Mr Lloyd George's New Deal" (published by Ivor Nicholson & Watson Ltd., 6d.) Lord Snowden gives a survey of Mr Lloyd George's proposals. The following passage deals with an aspect of the matter which Mr Lloyd George himself has so far ignored. We comment on this elsewhere.

A Fundamental Problem

An examination of Mr Lloyd George's Schemes would not be complete if no mention were made of one result which would follow if they were carried out in existing circumstances.

It will have been noted that every one of them will require the acquisition of land by the State or Local Authorities.

Past and present experience has shown that when land is required for any public purpose the community is bled white by the land system.

The Housing activity in recent years, and the facilities which are now provided by motor transport (made possible by the expenditure of public money on the making and maintenance of good roads) have spread the population out into what were peaceful rural districts.

The result has been that agricultural land, which paid no rates, has been given a high building price, ten to twenty times its previous value. Millions have gone into the pockets of the landowners.

A new building estate needs amenities, schools, recreation grounds, baths, public halls, etc., which have to be paid for by the ratepayers.

I will give a few instances of the way in which the cost of housing and public schemes is greatly increased by the price which has to be paid for the necessary land. Every growing district can furnish similar instances.

The Underground Railway extended its system into the heart of the agricultural district North-West of London. A farm of 250 acres was then sold for more than a quarter of a million. Another farm in the same district of 250 acres was sold for £125,000. A few years earlier it had been bought for £7,500.

Leeds recently purchased 25 acres of land for schools. This land had a rateable value of £20. The capital value based on that annual value would be £400. The city of Leeds had to pay just under £17,000, which represented 840 years purchase of the rateable value of the land.

Glasgow had a similar experience. The Corporation wanted a Housing site for which they had to pay £3,125, although the land at the time of the negotiations was rated at only £1. The price paid represented more than 3,000 years purchase of the annual value of the site.

An analysis of the cost of Public Works schemes carried out by the State and Local Authorities jointly shows that one-sixth to one-fourth was for land acquired. For every £150 paid in wages a sum of £81 went to the landowners.

Not only have the public had to pay this enhanced price for the land actually acquired but the improvement carried out at the public expense has greatly increased the value of the adjoining land still in the possession of the owner.

Instances could be given where the local authority has had to abandon desirable schemes because of the extortionate price demanded by the owners for land. This has happened particularly to land wanted for Allotments holdings.

Mr Lloyd George proposes to spend, over a period, a sum of £200 millions a year on Public Works. That means that the landowners would get from £20 to £50 millions out of the capital expenditure of each £200 millions.

This is a grave scandal. I am not blaming the landowners. They are only taking advantage of their legal opportunities. The community is to blame for tolerating such an iniquitous land system.

I would suggest that when land is needed for public purposes it should be paid for at the capitalized value of the annual rateable value, or on the basis of assessment for Schedule A of the Income Tax, with, say, 10 per cent for compulsory acquisition.

If the "national" Government had not destroyed the Land Valuation begun under the Finance Act of 1931 we should now have had a national valuation of the land which would have provided an equitable basis for the purchase of land for public purposes.