

the commodities to be distributed at the prices placed upon them, but the citizen will be free to spend his money as he pleases. In this case it will soon appear whether the prices fixed by the planning authority have been so determined that the monetary demand at those prices exactly exhausts the supply which the planning authority has to offer of each article. If it does, the planning authority has made a remarkable achievement. If it does not, the demand for certain articles will out-run the supply. Those who go first to the shops of the planning authority will have their demand satisfied, those who go last will get nothing of certain articles. To prevent this, the planning authority will be forced back to the device of rationing, or else it will have queues at its shops for some articles, for which a black market will arise, while other articles will be left on its hands. It is, of course, open to anyone to imagine that a planning authority can be found with sufficient omniscience to prevent this result; but it is difficult to see any solid grounds for believing in the probability of it.

#### Planned Work and Planned Wages

All of these plans of distribution depend in any case upon the solution of the problem of how labour is to be remunerated. The first one assumes that remuneration will be more or less equal irrespective of the character and value of the work done. Such a plan implies a direct allocation by the planning authority of the work to be done by each individual, a strict regimentation of the whole working population and the application of compulsion to see that each does the task allotted to him. That such a method would make for either efficiency in production or for contentment and happiness is hard to imagine.

If, however, an attempt is made to allocate income in proportion to the value of work done, another problem of enormous difficulty arises. How is that valuation to be made? One can only think that it is related to the value placed by the planning authority in advance upon the commodities which are being produced and will eventually be distributed. As we have seen, those values are highly unlikely to be such as would be fixed by the demand of consumers in a free market. There thus arises a double difficulty in allocating payment for work done.

#### The Function of a Free Market

Economic planning, if that means the operation by the state of the whole industry of a country, is therefore a task of an entirely different order to that involved in planning an architectural work or any similar technological project. The analogy which makes it at first sight attractive is inexact and delusive. On every occasion where a free market would put a different price upon an article the plan is immediately brought into question as having failed to give the maximum satisfaction from the resources at the disposal of society. Moreover the economic employment of land, labour and capital implies certain norms of valuation of these agents of production, without which they would certainly in part be wasted, and it is extremely difficult to see any means of solving this problem of valuation satisfactorily outside a free market.

## LORD WEDGWOOD ON INDIA

LORD WEDGWOOD of Barlaston, making his maiden speech in the House of Lords, 3rd February, said:—

"I want to emphasize the question of granting land to the people who have served. Let them have land to go back to. We want that for stability as much as anything else. Think of a peasant population owning their own land. We read in Goethe that Faust came at last to peasants living on their own land, on land which they had made, free men; and when he finds that community he decides that it was worth preserving even at the cost of his soul and exclaims: 'Verweile doch, du bist so schön.' And he goes down to hell. If you want stability—and surely your Lordships want stability in the world as a whole, and particularly for India—if you want stability, look back at our own history. What was it that perpetuated the Reformation in this country? Preaching? No; it had something to do with it. It was the land, got out of the hands of the abbeys into the hands of certain people. Thenceforth we could not go back to Rome! Such was Henry VIII's wise policy. Or take the French Revolution. What was it that saved the French Revolution from reaction? The church

lands again, the sale of the *assignats*. All the people bought little bits of land, going cheap. The peasantry of France became free with their own land. After that France could not go back to the feudal system. The same applies to India. There, too, if we could get the land into the hands of the peasants, the peasantry would not be so desperately poor as they are to-day. By methods such as these you can change the relation between Britain and India. Give Indians something to fight for, prove to them that we are trustworthy, and the handing over of the land to these fighting peasants will be an outward and visible sign that our word is not merely to be trusted, but is to be trusted better than that of some other folk.

"Is it all hopeless? Can this House of Lords not do something to break down this colour bar which is destroying the finest and best Empire the world has ever known? I would appeal to the spiritual Peers. This is a moral question. We are not asking anybody to kill Germans. We want to kill the colour bar, anti-Semitism, race hatred, false pride. Is there no hope? 'Lord, take not Thy mercy from us. But take away our pride'."

## NEED FOR RATE ON SITE VALUES

*Local Government Service*, March issue, published the following letter from F. C. R. Douglas, M.P., Chairman of the Finance Committee, London County Council, replying to Lady Shena Simon's advocacy of a local income tax, which had appeared in a previous issue of that journal:

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It is somewhat surprising to find the idea of a local income tax revived in these days when income tax and surtax now reach on the highest slices of income a rate of 19s. 6d. in the pound. One cannot believe that the Chancellor of the Exchequer would allow local authorities to impinge on this source of national taxation.

With all its faults the present system of rating works efficiently. The arrears at the end of a year are frequently less than five per cent of the total collection. In the case of income tax, the possibilities of dispute and delay are so large that the arrears are inevitably much heavier.

It is a significant fact that all over the English-speaking world, and in many other countries some form of tax on immovable property forms the basis of local taxation.

The real criticism of our system in this country is that it draws no distinction between the land and the buildings and improvements placed upon it. In so far as the rate falls on the structure, it is distinctly a penalty upon the making of improvements and the provision of new accommodation. In so far as it falls on the land value, it merely takes for the common fund an unearned income which owes its existence to the activities of the community generally and to the public services in particular. Moreover, as the basis of valuation under our system is the actual use made of the land and as rates are not paid in respect of unoccupied property, it follows that valuable unused land pays nothing, and valuable but badly developed land pays little. This encourages specula-

tion and helps to keep the price of land at an unnaturally high level, with consequences we are all familiar with when the local authority desires to buy land.

Many local authorities in this country, including the London County Council, Glasgow, Cardiff, Newcastle-on-Tyne, and others have from time to time declared themselves in favour of transferring part at least of the rate burden to site values. The rating of site values has been in operation for long periods by local authorities in New Zealand, Australia, South Africa, Denmark, and elsewhere.

There is a large measure of agreement that if town planning is to be carried out effectively there should be a general valuation of land throughout the country. It is most desirable that such a valuation should show the value of sites apart from the buildings and improvements, and if it is linked with a rate on site values one can expect that such a valuation would be much nearer to reality than the extremely artificial values which are arrived at in proceedings for compulsory purchase as those have hitherto been conducted.

These reasons could be elaborated, and others given, to show the desirability and urgency of site value rating as part of our plans of reconstruction. Some of the arguments are contained in the Memorandum on Town Planning and Land Values submitted by the Land Values Group of Members of Parliament to the Uthwatt Committee, of which I would gladly send a copy to any of your readers who are interested.

"We find the inhabitants of this earth divided into two great masses: the peasant paymasters—spade in hand, original imperial producers of turnips; and waiting on them all round, a crowd of polite persons modestly expectant of turnips, for some—too often theoretical—service."—JOHN RUSKIN.