LAND & LIBERTY

MONTHLY JOURNAL FOR LAND VALUE TAXATION AND FREE TRADE

Fiftieth Year—No. 591. 4 Great Smith Street, London, S.W.1. August, 1943. 2d.

LIBERAL ASSEMBLY AND THE UTHWATT REPORT

The Annual Assembly of the Liberal Party, held in London, July 15th to 17th, declared in favour not only of State control over all undeveloped land outside built-up areas, but also of payment of compensation to the landowners for what is called their development rights. The resolution in fact endorsed the recommendation of the Uthwatt Committee for buying from the landowners the speculative or potential building value of all land surrounding the towns. The adoption of such a proposition by the Liberal Party is a reversal and betrayal of all that it has stood for in the name of land value taxation, which was to be the instrument for breaking down the land monopoly, for making land available and cheap, besides providing public revenue by appropriating the rent or value of land for the common good because it belongs of right to the community as a whole. Little chance was given to discuss a matter which was so vital and momentous. It was part of a general declaration on land and housing which was moved for the Executive by its spokesman, Mr. A. S. Comyns Carr, and the debate was closured after two brief time-limited speeches in opposition from Mr. Ashley Mitchell and Capt. A. R. McDougal, on behalf of a number of associations which had submitted amendments to eliminate this Uthwatt land purchase and landlord compensation plan. The decision was rushed. There was confusion in the voting, making several recounts necessary, and the resolution was declared carried by a small majority. Such resolution having been adopted, it would have been futile and absurd to press for those later amendments on the order paper, even if opportunity had been given for them (instead of the closure being applied), which aimed to put the land value policy in its right place and in correct terms. The land purchase scheme and the establishment of the State as supreme land monopolist would cancel out land value taxation and make it purposeless so far as any land outside the built-up areas is concerned. There would be left only the land inside the built-up areas where any land value taxation could be applied, but the anomalies and injustices that would arise are patent. The Liberal Assembly has allowed itself to be stultified by passing blindfold as it did a declaration that embodied, with compensation to one set of landowners, rates or taxes levied on another set, situate on either side of the arbitrary line that the Uthwatt Committee proposes to draw around what are to be defined as built-up areas. Make that boundary or demarcation where you will, there will lie on either side of it land of given value and the result will be (according to the proposals made) that landowner A will be compensated for depriving him of his development rights, whereas his neighbour landowner B across the line will not only get nothing but will have to pay whatever taxes the Uthwatt Committee or the Liberal Assembly (which goes further than it) think to assess upon land values. This suggestion is folly, so obvious is it that the juxtaposition of two absolutely conflicting policies could not work. The sincerity or honesty of the intention is seriously in doubt.

It is well to look again at what is meant by the development rights which it is proposed the State should acquire by purchase. The term is an evasion. No such landlord right exists. The development value of undeveloped land, like the value of all land apart from improvements, is a community product and is by right the property of the community; but the amazing proposition is now made that the community, the State, the taxpayers, must buy back this value from the landowners as the price of permitting development to proceed; the speculative or potential value of the iron belt of monopoly around the towns being a special item in the extraordinary transaction. No law, no ethic has made the rent of land the personal property of any landholder. It is the absence of law and of good order which prevents the community from enjoying and benefiting by the land-value which is indisputably its own creation from day to day, yesterday, today and tomorrow. The failure to appropriate the rent or value of land for the common good has established a landlord power to withhold land, against a price which obliges the producers of wealth to sacrifice so much of their earnings to a purely parasitic interest. This then is the "development right" which the Uthwatt Committee would confer upon a private privilege, and which the people are asked to accept and acknowledge as against themselves, transferable only at the cost of redemption, with the cost taken, as it must come, out of the produce of their labours.

The value of land is either public property or it is not, it either belongs to the landholders or it does not. These extremes cannot meet nor is there any mid-way position. But in the most plausible of its arguments, the Uthwatt Committee, accepting and asserting landlord rights, propose to give less in compensation than is equal to the total actual value of the rights in question. At once their own principle is compromised and only innocents can imagine that the landowning element would let that pass without the most furious opposition. The idea of the global sum payable is too obviously a trick, in their eyes. On the other hand it is this feature of the report which has attracted the unthinking into the belief that an expropriation of landlord privileges is about to take place at a cheap price, with prospective profit to the State as the new owner, expelling the private monopolist and giving full scope to the control by public authorities, which is the ambition of the new vogue called planned economy. To these unthinking and misguided people the scheme is attractive as an anti-landlord move. The Uthwatt Committee, playing that card, assume that if all undeveloped land were to come into the market for purchase in one lot, the price would be less than the total sum if the land came into the market piecemeal as it does today. But as the Committee does propose an all-at-once and universal purchase, the price should be no more than is based upon the hypothesis with which the argument begins. Thus a "global fund" would be fixed which would be shared among the landowners concerned in proportion to the actual market value, if sold piecemeal, of each owner's individual development rights. For illustration, if the global fund was fixed at say £300 million and if the total actual value of all development rights (as ascertained upon valuation of each separate piece of land) adds up to £500 million, the compensation each owner would receive would be three-fifths of the proved and declared true value of what is alleged to belong to him. An overriding proposal is however made that where land is "dead ripe" for development, something extra would be given in compensation to make that nearer the true value, and the global fund would be supplemented for the purpose. By that exceptional treatment not only would the greatest ransom be given where the community has done most to enhance land values but also absurdly differential sums would be payable in compensation for land of equal value according as it is or is not up to some standard of "ripeness" as set by arbitrary standards and opinion open to dispute. Moreover since the potential or speculation value of all undeveloped land is to be purchased and only a small proportion of it is ever likely to be developed for building purposes, many landowners would receive a gift of public money for nothing whatever. The more the scheme is examined the more grotesque it appears.

The amount of the proposed global fund is not stated. The Uthwatt Committee has astutely ventured no estimate. The matter is flippantly dismissed with the remark that it is "outside our province;" the amount should be fixed by the Government "after taking expert advice"

"FAIR PLAY FOR THE SMALL MAN"

In a pamphlet under this title the Liberal Party has issued a report by a committee on the position of the independent trader. The passages printed below are those dealing with local taxation.

The Burden of Rates

The heavy burden of rates, which tends to increase year by year, is a matter which affects all retailers and the Independent Trader in particular. Rates are often a formidable item in his balance sheet. Generally speaking, they constitute a higher percentage of his total overhead charges than they do in the case of the large multiple concern, whose other "overheads" are on a much bigger scale and whose resources and turnover are also greater. . . .

. . . Where a city or town expands or new roads are built and increased land values are thereby created, . . . this increased value or at least some part of it should go to the community which has created it rather than into the pockets of the land speculator. It is only reasonable that the ratepayers who have had to bear the cost of new public services should be reimbursed from the increased values which these new services create. A golden opportunity for introducing much-needed reforms presented itself in 1929, when the Government of the day expressed the intention of making changes in local government and in the rating system. Unfortunately the opportunity was missed and the real evils of the existing system were left untouched.

The De-rating Act

The Conservative Local Government Act of 1929, which became known as "Mr. Chamberlain's De-rating Act," made no fundamental alteration in the method of assessment but gave relief from rates to agricultural land and buildings and to industrial premises. The former were granted complete exemption and the latter were relieved to the extent of 75 per cent. This was done with the object of assisting industry and agriculture, but, as the cost of public services still had to be paid for, it involved throwing an additional burden on to the remaining ratepayers. Much of this burden has fallen on retailers. All industrial concerns—including some which were making large profits—became entitled to relief so long as they came within the technical definition of "industrial hereditaments." From that definition "retailing" was specifically excluded.

It has always been difficult to justify the Conservative policy of de-rating on grounds of equity, since relief was granted irrespective of need and was applied to low-rated as well as to high-rated areas. It is still more difficult to justify it to-day, when many manufacturers are engaged on Government contracts by the nature of which they enjoy guaranteed profits, whilst the rates from which they are relieved add to the burden which has to be shouldered by the retailer, who is already bearing more than his fair share of hardship as the result of the war.

The Root of the Evil

An amendment of the De-rating Act is long overdue, but that alone will not suffice, for the root of the evil lies in the principles on which rates are levied. Under the present system the value which the Assessor has to settle in making his assessment is what a willing tenant would pay for the property in its existing condition and having regard to the use to which it is being put. The consequences of adopting this basis of assessment are not fully appreciated. For instance, a Bank occupying a good position in a main street is likely to be rated at a lower value than a shop in the same street. This is so because a Bank is treated as an office, and if let in its existing condition would not carry as much rental value as a shop.

Again, since assessments are based on estimated letting value, any improvement made to the property by the owner or occupier is regarded as increasing the letting value and is generally followed by an increase in the assessment. Thus the enterprising person who improves his property has to suffer for doing so by paying higher rates. This is a very real source of grievance. . . . After the war it will be necessary for Independent Traders, if they wish to hold their own, to be ready to adopt new ideas, introduce improvements and make their premises attractive. It would be adding insult to injury to advocate such a policy if we did not at the same time urge the abolition of a system which is so unfair to those who make any improvements at all.

Rating on the Value of the Pitch

Rating on the value of the pitch, better known as rating of site values, is in our opinion the only sound principle. The value of the site provides a much fairer basis than the existing condition of the property or the use to which the property is being put. Furthermore, the adoption of this new basis would redress at least one of the injustices under which the small trader suffers to-day. We have already observed that the multiple firm and chain stores generally acquire the cream of the central sites. Sometimes a firm will take more than one site and occupy a strategic position so that potential customers—so to speak—are under fire whichever way they arrive. It is only reasonable that the shop which enjoys these benefits should pay rates in proportion to the value of the site. Under the present system it is true that the rates on shops in central positions are higher than in the secondary streets, being based on letting value; but in cities of other countries, notably Sydney, Johannesburg, New York and Chicago, where the sites are valued separately from the buildings, it has been shown that the central sites, especially those at the corners of the main streets, are not merely twice as valuable as those in the secondary streets, but several times as valuable.

In cities where the local rates are based on the site value, shops occupying the corner central sites pay on the value of their position, so that large stores are not able to occupy the best sites and pay less than their full share of the rates, and the small trader in a secondary street or suburb has the satisfaction of knowing that the rates which he has to pay are proportionate to the value of the site which he occupies.

There is thus solid experience to support the reforms we advocate. While the revision of the De-rating Act and the acquisition of land values created by the community would lessen the total burden of rates falling on retailers as a whole, the alteration in the method of assessment would ensure a fairer distribution of that burden. Rating reform is, in fact, a measure demanded by general principles of social justice, and would have many other beneficial effects beyond those mentioned. Our concern here, however, is with the position of the Independent Trader, and it is therefore mainly from his standpoint that the problem has been dealt with.

The present rating system . . . is both unjust to retailers generally and unjust also in its distribution of the burden between large and small retailers. The loss which the Rotary Authority incurs owing to the derating fif industrial premises has to be made good by the general body of ratepayers, including shopkeepers both large and small, whose expenses are thus unfairly increased; improvements are penalised; and increments in site value due to the activities of the community accrue, not to it, but to landowners who have done nothing to earn them. At the same time shops on central sites pay less than their just share of the rates as compared with shops in side streets or in the suburbs. As a remedy it is recommended that rates should be levied on the value of the pitch—or, in other words, on site value. . . . If it were adopted it would bring considerable relief to small shopkeepers, besides ensuring that the rate burden on retailers generally was equitable, encouraging, instead of discouraging, improvements, and securing for the community the values to which it is entitled.

In giving the foregoing statement publicity we must at the same time point out that the resolution on rating reform adopted at the meeting of the Liberal Assembly did not give effect to the argument here so well stated for rating site values and unrating buildings and improvements. It proposed a very complicated and inequitable scheme for giving various degrees of relief to buildings according to the date at which they were built.

Editor, *Land and Liberty*.

One of the biggest financial deals in the history of the coal and oil industries of the country has been consummated by the Powell Duffryn Associated Collieries having acquired the whole undertaking of Cory Brothers & Co. The Powell Duffryn group already controlled a coal output of over 20,000,000 tons a year and the organization for distributing and selling it, while it is also interested in coke ovens, gas plants, iron and steel foundries and boiler works, wagon construction and repair, steamships and electric power plants. By merging with Cory Brothers it controls an additional coal output of 2,000,000 tons and acquires extensive agencies abroad for the marketing and export of coal. The combine will control nearly 70 per cent of the total Welsh coal output and 80 per cent of all Welsh steam coal.

"THE TIMES" ON EMPLOYMENT

A SERIES of ten articles, some contributed and some editorial, on economic policy and particularly on employment, which have appeared in *The Times* in recent months, has been reprinted under the title "Full Employment." They are by different hands and reflect somewhat differing outlooks, but they are united by the thought that in one way or another violent fluctuations in employment and large bodies of workpeople unemployed are one of the most disquieting features of our civilization and must be prevented in the future.

What is meant by "full employment" is nowhere clearly stated, but one writer says that it means in practice to restrict unemployment to the order of 500,000. It is pertinent to observe that if this is so, then prior to the last war we had more or less achieved full employment, and it would be important to enquire what happened afterwards to cause unemployment to rise to many times that level.

Is not the change which has taken place in the last 25 years largely bound up with the growth of protectionist and interventionist policies? Is it not the tariffs, quotas, exchange controls, bilateral trade agreements and similar devices which have prevented the exchange of goods and services, which have prevented the application of labour and capital in the most productive and economical fashion, and which have lead to an enormous growth of trusts, cartels and monopolies of all kinds?

In an economically free society technical progress leads to reduction of price, and reduction of price leads to larger sales, a rising standard of living and more production. These are the benefits of free and equal competition. But in a monopolistic society technical progress leads to lower cost and higher profits, and in order to maintain those profits the producer restricts production to the point which is most beneficial to him instead of expanding it to the point at which his profits fall to an equal level with those in other industries. It is along this line of thought that one can find a rational explanation of the great growth of unemployment during the last quarter of a century.

One of the writers in this pamphlet says: "It is widely agreed that the fundamental cause of mass unemployment lies in the failure of consuming power to keep pace with productive power in an unregulated economy. A Beveridge plan (or a super-Beveridge plan), combined with minimum wage legislation, would put purchasing power into the hands of those who need it most, and so ensure an enlarged and stabilized home market for consumption goods." This statement is ambiguous and misleading. What is meant by "consuming power"? If it means ability to consume, there is no lack of that: the wants of man are insatiable. Perhaps it means "purchasing power," the term used in the next sentence in reference to the Beveridge plan. If so, the Beveridge plan does not create any fresh purchasing power. At best it transfers purchasing power from some persons to others. And what is meant by "productive power"? Does it mean the production actually achieved, or does it mean what might be achieved with the wisest and most economical disposition of the land, labour and capital available for production? If it means the latter, then the Beveridge plan has no relation to the problem of securing maximum production. If it means the former, then this writer's assertion appears to be merely a restatement of the hoary fallacy of "social credit" that goods are being produced which no one is able to purchase. Reasoning of this kind provides no scientific basis for a solution of the problem.

The outlook of this particular contributor is illustrated by two other assertions. One is that if full employment could be attained the absence of fear of unemployment might have "a disruptive effect upon factory discipline," because no man would be afraid of being sacked. The other is that if full employment could be achieved and if free wage-bargaining continued "there would be a constant upward pressure upon wage-rates," and this would lead to a "vicious spiral of wages and prices." If this argument be true, the writer is automatically committed to a fully totalitarian state in which employment, wages, and prices are all fixed by some central authority and freedom completely disappears. The argument is, however, completely fallacious. It assumes that there are no natural laws in economic life which determine the prices of commodities and labour; and if that is the case, then there can be no economic science and everything is reduced to chaos.

Another contributor develops the thesis that variations in employment are mainly due to variations in investments in durable capital goods. This is, of course, the idea which has been popularized by Keynes. In its baldest form it consists in the assertion that at any given moment a certain amount of the annual production of a country consists of consumption goods and the rest of production goods. If the value of the consumption goods is, let us say, ten times that of the production goods, then we have only to increase the investment in production goods and automatically we increase by ten times as much the production of consumption goods and the amount of employment in making them. This is the celebrated theory of the "multiplier" which Keynes in his "General Theory of Employment" endeavours to establish by an elaborate quasi-mathematical argument. The argument, however, breaks down when it is realized that the multiplier is not a constant, but a variable. Or, to put it in another way—although it is true that, when by some means a general increase in the production of wealth takes place, the quantity consumed will be, let us say, ten times the quantity invested, it does not follow that an arbitrary increase in the quantity of capital goods produced will automatically increase the quantity of consumption goods tenfold.

It is worth while, nevertheless, to enquire what does actually happen when some capital project is embarked upon, the erection of a new factory, for example. Those who propose to build it must somehow during the course of construction be placed in possession of sufficient money with which to pay for the land (or the hire of land) and the price of the materials used and the wages of the men employed in building and equipping it. The money so paid out is used for paying men for their labour or for producing goods, and they in turn use it for buying their food, clothing and house-room, and all these things have to be supplied from what is then being, or already has been, produced and not out of the proceeds of future production. If the persons who supply the money for building the factory had not used it in that way, they would presumably have used it in some other way, either in buying more food, clothing and house-room or otherwise. It does not appear that the building of the factory during the process of building has added anything to the volume of production, although it may do so when it is completed.

It may, however, be said that these persons would not have chosen to spend their money upon anything. They might have kept it unused (Keynes's liquidity preference). If they do hoard their money, one would expect that this would increase the purchasing power of what money remained in circulation, or what is the same thing, would result in a reduction of prices. In that event other people would be able to buy the goods which the hoarders abstained from buying. On the other hand, it may be freely admitted that if general epidemics of hoarding took place from time to time, they would cause fluctuations in the price level and upset the normal flow of the economy. (The pursuit of this thought may lead either to the plan of Silvio Gesell for using money which diminishes in value with time, or it may lead to the idea adumbrated in the plan, with which Lord Keynes's name is associated, for an International Clearing Union under which credit balances above a certain minimum are penalised by a percentage charge for keeping them. The more rational outlook appears to be that excessive hoarding is adopted because of uncertainty regarding the investment outlook, and may be regarded as a symptom or result of unemployment rather than the cause.)

Those who think that unemployment can be ended by stimulating capital investment seek to do so by one or both of two lines of policy. The one is to give special advantages to capitalists to encourage investment; the other is for the State to embark on capital projects itself. The first course takes a number of forms, such as relief from taxation, loans of public money at low rates of interest, or, what is much the same thing, state guarantees of repayment of money borrowed. During the discussions on this year's Finance Bill suggestions were put forward for certain reliefs from income taxation for "industry" with the object of stimulating accumulation of capital. The de-rating legislation of 1929 was supported by very similar arguments. No one now believes that it had any of the results predicted for it by its advocates. On the contrary it has simply put some of the tax payer's money into the pockets of a small number of privileged individuals.

Capital investment by the State raises the question of whether the outlay is to be met by taxation or by borrowing. As the proposal is intended to stimulate employment during times of depression, it is generally held to be inexpedient to increase taxation at such a period. It is on that account proposed by many partisans of this school of thought that there should be, in addition to the normal budget of public expenditure and income which should be balanced (*i.e.*, the expenditure met from taxes), a second or capital budget which should be unbalanced (*i.e.*, the expenditure met by borrowing). In the private affairs of an individual or corporation there is nothing unusual in this procedure. Many enterprises are financed by borrowing. In the case of the State, however, it is not contemplated that it will borrow from other States, but from its own citizens. If it does so, then it would seem that it merely borrows funds which were already destined for investment. Under the stress of war and the instinct of patriotism and self-preservation very large funds have certainly been diverted from consumption to saving. No one has explained how or why such a thing should occur in normal times. But if the device of the capital budget did not divert money from consumption to investment, it would not achieve its primary purpose of increasing the amount of investment. Even if it did, there is no reason to suppose that the total amount ef employment would be increased.

All this is not to say that the State can do nothing about employment. On the contrary it can, and should, create the conditions which will make full employment possible. *The Times* in one of the leading articles reprinted in this pamphlet indicates the true approach to the question when it says: "Mass unemployment in its contemporary form has sprung not from the unregulated private enterprise of the nineteenth century, but from the private enterprise of the twentieth century, which, far from being unregulated, has become in a high degree self-regulated. Self-regulation in the form of monopolies, trade associations, and price agreements is in the last resort always restrictive. . . . Where this form of regulation prevails public authority must step in as the supreme regulator both to secure fair play for individual initiative and to set in motion once more the processes of expansion. As experience shows, haphazard or piecemeal expedients designed to promote the interests of particular groups of producers will not create full employment. On the contrary, they aggravate unemployment." At another point in the same article we read: "In the 'twenties and 'thirties the onset of mass unemployment was met on all hands by policies of restriction which, in the long run, gravely inflamed and aggravated the disease. Producers cut down production in the hope of holding up prices and profits; financiers curtailed investment; trade unions tightened up limitations on the interchangeability and transferability of labour; and nations piled up the barriers of tariffs and quotas." *The Times* turns attention in the right direction, but it does not follow the thought involved to its logical conclusion. It does not make positive proposals for altering the conditions which make monopoly possible. It accepts monopoly as a continuing and unescapable fact, and merely proposes to super-impose upon it some measure of State control. There is in these articles no clear cut repudiation of the protectionist and interventionist policies which have aggravated the position so much between the two wars, neither is there a single word about the monopoly of land which has for many generations been a fundamental cause of poverty and unemployment. The business of the State is to establish conditions in which restrictive and monopolistic policies are not possible, in which no one can have special privileges with the inevitable result of depriving others of earnings or employment. The task is an immense one. Vested interests are always more vocal and active than the public interest. But there is no hope of the maintenance of a democratic and free society unless special privilege can be defeated and equality of opportunity established.

F. C. R. D.

THE ESSAY COMPETITION

As one of the judges of the recent essay competition, organised by the Henry George Foundation, I have been asked by the Editor to comment upon the essays submitted.

The number of entries, 41 in all, while much less than would have been received in peace time, represented a commendable effort on the part of the competitors, in these days when there are so many insistent calls upon the scanty time of the citizens of the country. The choice of subjects open to competitors was so wide, that the task of the judges in deciding the order of merit was more than usually difficult. But as all the winning essays, and those next in order of merit, were read by at least three judges, competitors, successful and unsuccessful alike, may be assured that no pains were spared to ensure impartial adjudication of every entry.

A large majority of the writers devoted too much space to the enumeration of the many grievous ills which affect the social life of this country, leaving too little to devote to the exposition of the remedy, and the arguments in its support. This is a natural tendency usually evident in every discussion, since it is easier to describe things as they are, than to support, by cogent argument, proposals to mould things as they ought to be.

Another common failing, and one which is shared by many widely recognised exponents of the study of political economy, was confusion in the use and precise definition of such terms as "rent," "interest," "landlord," etc. The latter term is widely abused in every day speech being employed to designate such widely separated people as the humble proprietor of a small dwelling house, or a peer of the realm, owning many broad acres and the rents therefrom. There were a number of authors who were commendably precise in this respect, and who gained thereby the grateful appreciation of the judges, endeavouring carefully to understand the author's reasoning.

While a high standard of literary merit was not expected of entrants for this competition, nor would unsound argument, backed by the wit of Dr. Johnson or the biting satire of Swift, have weighted against the sound sense of Henry George clearly expressed, a logical sequence of thought is essential for such an essay. In this respect there were many whose efforts failed to qualify them for the prize-winning class. Clarity of thought and expression are more necessary in writing on any branch of political economy, which has been so tragically complicated by confusion of thought in the last hundred years, than on almost any other subject known to mankind.

There were some who endeavoured to survey the whole field of economics, thereby setting themselves a difficult task in which a few achieved a commendable degree of success. Those who submitted essays in the form of a review of "Progress and Poverty" generally managed to make them interesting reading, though some were tempted to make rather long quotations from the book and all undoubtedly sacrified something in the loss of originality inseparable from any favourable review. Those who chose some specific social problem which particularly interested them secured the greatest scope for originality of treatment and provided themselves with ample opportunity for showing the bearing which the taxation and rating of land values would have on the problem chosen. It is surely the outstanding feature of the principles underlying this fundamental reform, as it must be the most exasperating to its opponents, that there is no field of human endeavour upon which it does not have a more or less direct influence. Starting with these initial advantages it was from the latter class of competitor that the majority of the winning essays were chosen.

It is the earnest hope of the Committee that all those who entered for the essay competition will not weary in well doing, but will continue their study of this vital subject. The majority of the essayists undoubtedly appreciated the taxation and rating of land values as the essential preliminary to each and every scheme of social reform envisaged in the post-war years. Without the establishment of that principle every planned scheme must inevitably fail to achieve the anticipated improvement in our social conditions; but let the system of raising national and local revenue from the community created land values be established, many proposals, over which there is now so much controversy, will be found both unnecessary and undesirable.

R. J. R.

There seems to be a growing consensus of opinion that taxation of land values would create a new and considerable source of income to the Treasury, would ensure our communities having some share in the values they create, and would, undoubtedly, influence a downward trend in the cost of land. Obviously all these benefits would prove invaluable in furthering our general reconstruction plans. At present, there is real danger that members of our fighting forces may find, when victory is won, that the land they have defended is almost too dear to live upon, and that the new homes worthy of them are far beyond their means. What crazy economics for a nation in the vanguard of democratic progress!—*North Wilts Herald*, 11th June.

NORTHERN NIGERIA LAND SYSTEM

As a result of the recommendations of the Northern Nigeria Lands Committee the system of land tenure in Northern Nigeria was placed upon a rational basis by the Land and Native Rights Proclamation, 1910, which has since been repealed and re-enacted with some amendments by subsequent ordinances. The leading feature of this measure was to give to individuals a right of occupancy which would establish complete security of tenure and property in the improvements made by the occupier while retaining for the community a rental based upon the unimproved value of the land, revised from time to time to take account of variations in the land value.

The system of government in Northern Nigeria was that of indirect rule through the native chiefs, and that is still in operation. In our March issue we reprinted from the *Journal of the Royal African Society* a valuable note on the "Development of Land Tenures in the Gold Coast," by Mr A. J. Loveridge which among other things raised the question of the wisdom of continuing the policy of indirect rule in that part of West Africa. The subject is so important that we think it useful to make the following quotations from Mr W. R. Crocker's *Nigeria: A Critique of British Colonial Administration* (published by Messrs. George Allen and Unwin, 1936) which, while praising the principles of the land legislation, also throws doubt upon the adequacy of indirect rule to secure the just and adequate implementation of the legislation.

"Lord Lugard's fame and the success of his book, *The Dual Mandate in Tropical Africa,* put Nigeria on the map, and the men who had been officers in the Service there from the early days now saw themselves as the makers of history. They were then in the saddle and were not slow to appreciate their old merits or their new opportunities. The simple and healthy linking on of an ideal to an expedient was elaborated into an occult science. Indirect Rule became a formula as hieratic and as dead of creative development as an outworn theology. In fact a theocratic oligarchy closed the canon, refusing any addition to their scriptures, "the interpretation of which was their own monopoly"; and Indirect Rule degenerated firstly into a systematic glorification of a number of able but unscrupulous careerists, secondly into the practice of preserving at all costs the status and power of the families of the hereditary Emirs and chiefs, and thirdly into an undue preoccupation with Islam and the Emirates to the neglect of the Pagan peoples. From time to time a Lieutenant-Governor (until 1931 the Lieutenant-Governors of the Northern Provinces were little interfered with by Lagos, being *de facto* Governors of Northern Nigeria) would speak *ex cathedra,* his utterance being transmitted within sealed confidential envelopes to the administrative personnel, thus giving birth to a corpus of *hadiths.* The principle of Indirect Rule, indeed, was saved from being openly discredited only because most of the simple elementary government required there, notably away from the various headquarters, went on without overdue attention to the externals of the principle and because the Land Policy (dating from Lugard's time),* and the impossibility of European settlement being undertaken in such climate, had preserved the economic independence of the people. It is not possible to put one's finger on a single contribution or new idea or new development in the administration of the policy of Indirect Rule in Nigeria since Lugard's time. Numerous innovations there have been; but they either were of trifles (though always loudly advertised trifles) or of sheer perversions. Lord Lugard's own sense of loyalty would probably force him to deny this strongly, but nevertheless the verdict of the future historian, no doubt, will be that Lugard was not well served by his successors (most of whom were his promoted subordinates).

"The impossibility of directly ruling millions of Africans makes a temporary delegation of power to native authority inevitable; thus in Kano over two millions are ruled by nine Europeans. This, in general, and if adequate supervision be forthcoming, need be no bad thing. In general, indeed, it is a good thing. But it is not the most important aspect of government. Land tenure; weight of taxation; the presence or absence of a compulsion to work for the white man; education;† in short, the question of the economic independence of the African is much more important than what particular administrative machinery is used for carrying out the will of the Suzerain. For, let it not be forgotten, the Suzerain does not and cannot abdicate its will, and clashes are frequent and are bound to be frequent between that will and the desires of the native authority.

"To maintain law and order is so elementary and obvious a function of any government of any sort that it need not be discussed here. In any case it calls and for many a year will call for no difficulties in Nigeria. To maintain the economic independence of the native—a task of a different category—is essential. Throughout British West Africa (allowing for certain small local exceptions), and throughout much of British Africa, this again will be easy, as the land already belongs to the natives and, in general, there is no undue pressure of population on it. In a country that must be primarily agricultural, and its people, therefore, farmers, a social system of free peasantry should remain our constant care. We can easily avoid in Africa the immense evils of Indian peasant life and still more of European proletarian life. The grand achievement of our regime in Nigeria, in fact, far eclipsing Indirect Rule, is that the land is still unalienated, and that every man can till his own plot if he wants to and dispose of his time as a free man in his own way. But this, too, will make no great call on the efficiency of government. The lines have already long been drawn in Lugard's land laws, so that all that will be required will be to follow them with such adaptations as may be called for from time to time."

* Broadly speaking, land cannot be alienated in Nigeria; it is owned by the Government in trust for the natives. See relevant Ordinances; also good general account in Buell's *The African Native Problem.*

† All these important subjects received Lord Lugard's attention, notably taxation and land tenure, and in such a way that neither of the latter constitutes a real problem in Nigeria to-day. It is unfair to Lord Lugard to associate his administrative work solely with what is called Indirect Rule.

"WHITTLING DOWN OF LIBERAL PRINCIPLES"

The following letter from Mr Ashley Mitchell of Huddersfield, appeared in the "Yorkshire Observer," 21st July, 1943:—

Having returned from the Liberal Conference I have now seen your issue of 16th July containing the account of M.J.L. of the proceedings on the first day. Your contributor rightly states: "There was some liveliness . . . due in part to lack of time to discuss the many amendments. . . . In part also it was caused by the insistence that there must be no whittling down of deep-rooted Liberal principles, particularly Free Trade and the taxation of land values."

Your readers, not having the conference agenda before them, would not easily see that the whittling-down was just what did happen. The Free Trade resolution commits the Liberal Party only to "The progressive elimination of restraints upon commercial intercourse between nations," i.e., the amount of Free Trade which Protectionists say they would accept; in other words, not Free Trade for Great Britain whatever other countries do.

On the "Land and Housing" resolution with its seven clauses to which there were about thirty amendments, discussion was severely restricted, starting at 4.30 p.m. and cleared, under the guillotine, at the end of the Session at 5.30 p.m., in order to clear the stage for a full-dress debate next morning on a mere degree of State control for industry.

The Land Value Taxers were only allowed two speakers; at least a dozen others were wanting to speak, but the official resolution was bludgeoned through; result, the Uthwatt proposal to purchase building rights outside towns was adopted, a compromise was offered of a tax on the site values of other land, as if public opinion would ever be likely to approve purchasing the building rights at one side of a road and taxing them at the other side, for boundaries must come somewhere. The dictum of Lord Oxford at Huddersfield in 1925: "It is impossible to draw a line of demarcation between urban and rural land" was conveniently forgotten.

In the official resolution there is also a complicated and unworkable scheme for rating of site values, which no Land Taxer was prepared to consider seriously. The official speaker for the resolution tried to prejudice the Conference against the Land Taxers as obstinate theorists but in spite of that atmosphere the main amendment was only defeated by 72 votes to 59 in a House that had shrunk by the rivalry of the tea table to only a fraction of full size. I protested strenuously against such an important vote being taken at such a stage.

Thus the whittling-down was completed and the policy of the Liberal Party was made so innocuous that those who separated ten years ago, particularly on those two questions, will now find no obstacle to re-union, but what of those who have loyally supported the Liberal Party for land value taxation and Free Trade? It seems to me impossible, feeling about it as I do, to continue holding any representative position in the party.

THE UNITED COMMITTEE FOR THE TAXATION OF LAND VALUES LTD.: 4 Great Smith Street, London, S.W.1. Publishers of *Land & Liberty*. Hon. Treasurer, W. R. Lester; Secretary, A. W. Madsen; Assistant Secretary, F. C. R. Douglas. (*Telephone*: Abbey 6665).

The sum of £300 is anticipated from donations and subscriptions before the end of the year to make good the estimate of revenue from that source which was drawn up at the beginning of the year. The Hon. Treasurer remarks, however, that a great deal more than this is needed for the extension of the Committee's activities. Can you help?

The fourth impression (making the 43rd thousand) of the 52nd Anniversary Edition of *Progress and Poverty*, published by the Henry George Foundation of Great Britain, is now on sale at the price of 2*s*. 6*d*. per copy. The covers are the familiar red and although it has been necessary in the war-time circumstances to have stiff paper instead of cloth, the book is an elegant production worthy of a place on any bookshelf.

On behalf of the Committee, Messrs W. E. Fox, R. J. Rennie, A. W. Madsen and F. C. R. Douglas were delegates at the Conference of the Town Planning Association in London on 3rd and 4th July. Opportunity was taken in two speeches to state the case for the Taxation and Rating of Land Values. Mr Madsen, during a holiday visit in Scotland, addressed meetings of the St Andrews Group and of the Edinburgh League. He will be guest at the Hampstead Rotary Club's luncheon on 17th August. A letter to the *Contract Journal* brought a number of enquiries for information regarding the London County Council's Bill for Site Value Rating which is fully described in the Committee's pamphlet (3*d*.) *The L.C.C. and Site Value Rating*.

New reprints, meeting the demand for them, have been made of the pamphlet (2*d*.), *How the English People Became Landless*, and of the leaflet (1*d*.) by Councillor Needof of Manchester, *The Immediate Need for Land Value Rating*.

ENGLISH LEAGUE: Frederick Verinder, *General Secretary*, 4, Great Smith Street, London, S.W.1. (*Telephone* Abbey 6665).

The news of the passing of Josiah Clement Wedgwood ("Josh." to his numberless friends and Lord Wedgwood for the past few months) has deeply grieved his colleagues in the English League, and their sorrow is shared by a very wide circle in and beyond the country that he had served so long and so well. He was a member of the League for many years before he became its President in 1925, and he held that office till he resigned through illness in 1931. He was a Vice-President till his death. An account of his amazingly active life appears elsewhere in this issue. The League was represented by its President, Treasurer and Secretary at the Memorial Service at St. Margaret's, Westminster.

On behalf of the Executive Committee, sincere and respectful sympathy is tendered to Lady Wedgwood and his children and grandchildren.

In view of the discussions which are taking place, all over the country and in the Armed Forces, on Reconstruction after the War, the Executive is preparing two new leaflets setting forth the views of the League on the fundamental economics of the problems involved. It is hoped that the leaflets will be available for distribution by the end of this month.

WELSH LEAGUE: *Hon. Secretary*, Eustace A. Davies, 27, Park Place, Cardiff. *Hon. Organising Secretary*, I. T. Rees, 2, Southey Street, Cardiff.

The Executive Committee has arranged to publish in pamphlet form the article: "Land Value Rating—Cardiff States the Case," written by Mr C. A. Gardner, the League's Treasurer, the text of which appeared in July *Land and Liberty*. It is hoped that this will have a wide and useful circulation. Arrangements are in hand for a meeting in the Park Hotel, Cardiff, on 2nd September, to celebrate Henry George's birthday. A prominent Parliamentarian has been asked to address the gathering. Consideration is also being given to a series of meetings during the autumn and winter.

Professor W. J. Roberts

With deep regret we record the death on 18th July, of Professor W. J. Roberts. After winning distinction at Oxford University, he was appointed lecturer in philosophy and history at Cardiff University College in 1903 and in 1911 became professor of economics and political science. He was a man both of talent and of wide learning. One of his colleagues writing in the *Western Mail* said:

"Many stories are told of his naive simplicity and his absentmindedness, endearing traits which professors are supposed to possess. Actually he had an acute and critical mind. He stimulated his students to think for themselves and his own disinterested pursuit of truth and humane outlook were a greater inspiration than he ever realised."

He was a Vice-President of the Welsh League to which he rendered valuable service in many ways, and in particular by the study classes which he conducted using *Progress and Poverty* or other books by Henry George. At the meeting of the Executive of the League, Dr D. G. Taylor paid tribute to his work and his happy association with members, and a vote of condolence was sent to Mrs Roberts.

MANCHESTER LEAGUE: Arthur H. Weller, J.P., *Secretary*, Pytchley, Bean Leach Road, Offerton, Stockport.

In the June issue of *Land and Liberty* mention was made in the Manchester League notes of a quotation from the "Porcupine" by "The Idler" in the *Stockport Express*. This was an offer to readers of the "Porcupine" of copies of the booklet "How the English people became landless." Many applications were rceeived at the time, but one of particular interest has since come from a reader of the *Express* who is serving on a British warship somewhere abroad. This "Stockport lad" writes: "In these days of planning for the future, we in the forces often think about the kind of land we hope to live in when we return home." The literature since forwarded will not only show the applicant and his friends how the people lost their land rights, but how they can be regained.

PORTSMOUTH LEAGUE: H. R. Lee, Hon. Secretary, 13, Lawrence Road, Southsea.

The Annual Meeting of the League was held on 10th July. A review of the activities during the year was given by the Secretary which included questions sent to the candidates at the N. Portsmouth Bye-Election. The Conservative, Admiral James, who was elected, "promised to give sympathetic consideration to all proposals aimed at keeping land at its proper price." Mr T. Sargeant, Commonwealth, "believed that the land as a whole must be restored to the nation after suitable compensation has been paid." Such replies indicated to the meeting the urgent need for more educational work by the League. In the temporary absence of Mr J. H. McGuigan, who is in Ireland, Mr F. Satterthwaite was elected to the Chair. Mr F. Miller and Mr H. R. Lee were elected respectively treasurer and secretary.

LIVERPOOL LEAGUE: Correspondence Secretary, Miss N. McGovern, 74 Osmaston Road, Prenton, Birkenhead.

Most encouraging it was to see a number of League Members at the Friends' Meeting House, Islington, on 12th July when Mr J. W. Foley spoke on the Economic Basis of Pacifism Through the kindly influence of the Friends it is hoped to form a Class of Ten Lessons.

Liverpool Wholesale Booksellers have again increased their order for *Land and Liberty*.

Mr G. Miller, 31 Corwen Crescent, Liverpool, has completed his study-circle class of ten lessons. Students have agreed to meet now the last Sunday in each month for discussion. On 25th July, Mr T. H. Oliver will open the meeting with a summary of the salient points of *Progress and Poverty*.

Keen efforts are being made to form further study-circles. Help in circulating the school prospectus is wanted.

CASTLE-DOUGLAS HENRY GEORGE FELLOWSHIP: Hon. Secretary (*pro tem.*) Mr E. J. McManus, c/o Leath's Cottage, Castle-Douglas, Kirkcudbrightshire.

The discussion of "Does the Beveridge Report offer the people bread or a stone?" took place on the 25th July. At the previous meeting Chapter I of "Social Problems" was read and discussed. A number of new readers of *Land & Liberty* have been enrolled.

WARRINGTON

There was a good attendance at the joint meeting of the Manchester and Liverpool Leagues held in the Friends' Meeting House, Warrington, on 26th June. Mr Albert Brown presided and an excellent address by Mr D. J. J. Owen was followed by interesting discussion especially with regard to plans for extended activities. A resolution was unanimously adopted calling on the Government to tax land values and proclaiming the justice of that policy. The resolution was given in full in the *Manchester Guardian* and in the Warrington papers.

ADDRESSES

At 4 Great Smith Street, London, S.W.1 (*Telephone: Abbey* 6665): The Henry George Foundation of Great Britain, publishing department of the United Committee; the Henry George School of Social Science, free tuition and all information as to classes, correspondence courses, etc., on application; the International Union for Land Value Taxation and Free Trade, Ashley Mitchell, Hon. Treasurer. Minimum membership subscription to the Union is 5*s*. yearly and supplementary donations, which are at will, are cordially invited.

Yorkshire and Northern Land Values League; F. Skirrow, Secretary, 129 Skipton Road, Keighley.

Midland Land Values League; John Bush, President, 20 Cannon Street, Birmingham, 2.

Derby League for the Taxation of Land Values; George Musson, Hon. Secretary, 29 Denby Lane, Codnor, Derbyshire.

Henry George Freedom League; Wm. Reid, Secretary, 9 Woodside Crescent, Glasgow, C.3. *Telephone*: Douglas 5599.

Edinburgh Taxation of Land Values League: Hon. Secretary (*pro tem*), A. Davis, 8 Kirkhill Terrace, Edinburgh, 9. *Telephone*: 43588.

Highland League for the Taxation of Land Values; Isaac Mackenzie, Hon. Secretary, Queensgate Arcade, Inverness.

Monthly 2*d*. Annual postal subscription 3*s*. (U.S.A. and Canada 75 cents). Published by THE UNITED COMMITTEE FOR THE TAXATION OF LAND VALUES, LTD., 4 Great Smith Street, London, S.W.1. Telephone: Abbey 6665. Telegrams: Eulav. Parl, London.
Printed by VACHER & SONS, LTD., Parliamentary and General Printers, Westminster House, S.W.1.—6031.