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	PAGE		PAGE
The Planners and Their New Towns	150	Following Keynes (Prof. Polanyi)	156
Ten Minutes in the Train	151	Core of the Palestine Problem	157
Centenary of the Corn Law Repeal	152-3	Rent in Russia	158
Analysis of the National Accounts	154	Gold Rush and Land Boom	158
Lord Keynes	155	Notes and News	159-60

LAND VALUE LEGISLATION IN PROSPECT

DURING THE debate on the second reading of the Finance Bill on May 16, the Chancellor of the Exchequer (Mr. Hugh Dalton) said:

"Whatever may be said on the merits or demerits of a national tax on land at the moment there is just not the staff to organise it. The Inland Revenue Department are hard pressed, and I was glad to hear the right hon. Gentleman the Member for Bournemouth (Mr. Bracken) pay a tribute to the Civil Service which was well deserved. They have done a pretty good job, and they have had a hard task. I am anxious to alleviate that task rather than add to it. It is really not practical administration to add such a tax to what they have to do whatever may be the merits of the project of a tax on land values.

"On the other hand, if there are local authorities who have the staffs and if they can do it—and many local authorities in the past have passed resolutions in favour of having it—that is a different proposition. I cannot, of course, make any commitment on the matter, but I am interested in the suggestion that my hon. Friend (Mr. Stokes) made about that. We shall certainly consider not only the betting tax [which had been advocated by another Member] between now and this time next year, but also the possibility of such a tax on land values, particularly in relation to the adjustment that must take place between national and local finances and the revision of the block grant to which we are committed. I shall be very glad to have representations made from any part of the House, because many hon. Members may be interested in this—on whether, into this new scheme of the financial relations between the Treasury and the local authorities, it would be feasible to fit in some plan whereby the local authorities who wish to do it—because there would, of course, be nothing compulsory about it—would be able to raise part of their revenues from a tax on site values within their own area. Obviously, the suggestion is worth looking into, and I undertake to have a look at it and to keep in touch with any hon. Members or group of hon. Members who have any views about it either for or against. It is a fruitful suggestion, and one which, I think, ought to be pursued."

Disappointment will be felt that the Government do not feel able to introduce immediately a general and uniform system of valuation and taxation of land values applicable to the whole country. This matter is of fundamental importance, and more important than many new undertakings for which the Government is finding the necessary staff somehow or other. It is intimately and essentially connected with municipal finance, housing, town planning and other matters

which have admittedly the highest priority. Progress in these matters will be impeded and the public will stand to lose very much so long as there is no national system of taxation of land values, and, as a start, of valuation. Experience in New Zealand, Australia and elsewhere has shown that a central valuation system for the whole country makes for accuracy, uniformity and economy in valuation.

Nevertheless we welcome the Chancellor's promise to consider between now and next year the introduction of a measure which will empower local authorities who wish to do so to establish their own valuations and to raise part of their revenues by a rate on site values so reducing the amount which is raised under the present system. But the Bill ought to provide power to raise the whole of the rates from site values either immediately or by stages. Such a provision would be in keeping with the optional nature of the measure.

The other matters of machinery to be included in such a Bill need not detain us at present. A useful precedent will be found in the London Rating (Site Values) Bill which the London County Council endeavoured to promote as a private measure in 1938.

Many local authorities in this country have approved the rating of land values, and have passed resolutions asking for the necessary legislation. It is to be expected that they will welcome the Chancellor's statement. The inherent fairness of relieving buildings and improvements from local rates and of recovering for the community a value which the community itself creates and maintains appeals to many people of all shades of political thought. The urgency of doing something at the present moment to lighten the burden of local taxation is now greater than ever, for the local rates are rising rapidly and will continue to do so. There is no time to be lost, and the Government should be asked to implement their promise with the utmost speed.

This is no novel and untested proposal. It rests upon long and well-established economic principles. The mischief of taxation upon the production and enjoyment of useful things is one of the commonplaces of economic thought. Local rates, as now levied in this country, are a conspicuous and most oppressive example of such taxation. On the other hand the advantages of taxation levied according to the value of the site (i.e., the opportunity), without waiver or remission if the opportunity is not fully used, are also admitted and well-established.

This proposal does not rest alone upon abstract or theoretical arguments. These have been supplemented by experience. In New Zealand the practical test has gone on

since 1896, in Queensland since 1889, in New South Wales since 1906, in Denmark since 1926. The policy adopted is to remove or reduce taxation on houses and other buildings and correspondingly shift it upon the value of land alone, disregarding the use to which the land is put. Testimony to its successful operation is provided also from towns and shires in Victoria, South Australia and Western Australia; from local authorities in the Transvaal, Orange Free State, Natal and Cape Province; from the Western Provinces of Canada; from Pittsburgh in Pennsylvania; from the Irrigation Districts of California; and other examples could be mentioned.

In the light of all these facts we hope that the Government will proceed speedily and boldly with the legislation, will resist all attempts to modify the clear, simple principle involved, and will render all the assistance which lies in their power to the local authorities to get the plan into operation at the earliest possible moment.

THE PLANNERS AND THEIR NEW TOWNS

THE NEW TOWNS Bill proposes that the Minister of Town and Country Planning shall have power to designate an area of land as the site of a new town, and this may include an existing town. It also enables the Minister to establish a corporation to develop the new town. The corporation may be authorised by the Minister to acquire any land either inside or outside the area of the proposed new town which they require for the purposes of the town. Such land will be acquired subject to the provisions of the Town and Country Planning Act, 1944, that is to say, generally at 1939 prices. The corporation will be empowered to develop the land itself or to dispose of it to others, but it will not without the Minister's permission be able to dispose of land outright or by lease for more than 99 years.

The expenditure on creating a new town of 50,000 population is estimated at £19,000,000 which would be defrayed as to £15,500,000 by the corporation and the rest by the local authorities of the district. The Bill provides for public borrowing (advances from the Consolidated Fund) of up to £50,000,000 which the Financial Memorandum says is estimated to cover requirements for the next five years. One of the dangers implicit in this provision is that the Minister may establish quite a number of new corporations to develop as many new towns, and at the end of the five years the further development of them will cast a moral obligation upon the Exchequer or else the prospect must be faced of writing off as a loss expenditure already incurred. There is something here for the Chancellor of the Exchequer to ponder over. The Minister (Mr. Silkin) in moving the second reading of the Bill, admitted that Letchworth, commenced in 1903 and planned by Sir Ebenezer Howard to an ultimate maximum of 35,000 population, had at the outbreak of war attained to only half that figure. Welwyn Garden City, commenced in 1920, had in 1939 reached only 15,000 of its planned 50,000. The Bill contemplates that these enterprises will eventually be self-supporting, but hope rises perennial in the breasts of planners.

Planners may produce most plausible reasons why a town should be established at some point, but no planner is sufficiently intelligent to judge of all the economic and other factors involved even at the moment when the plan is initiated. Still less is he able to foresee those which may emerge thereafter. It is very often overlooked that the ultimate data of economic life are the valuations placed by individuals, not one or two individuals but many thousands or in some cases millions of them, upon the commodities and services which they wish to acquire and those which they

are willing to surrender in exchange. This is what makes planning the more uncertain the more centralised and more extensive it becomes, and which in fact turns it into a mere gamble. It may be one of the reasons why in the so-called plans of the Soviet Union the projected outputs are in many cases not reached, and by very varying percentages, or in some instances even exceeded.

There is no doubt that anyone who could build a town to accommodate 50,000 persons at the present moment could easily fill it and at rents which would amply meet interest and other annual charges. That is merely an index of the present acute and abnormal shortage of houses. It proves nothing about the ultimate soundness of the policy. At present many people will be thankful to obtain accommodation even if it entails an hour's travelling to work. When the shortage is abated, an entirely new condition will arise. Many houses which people are willing to take now might become vacant, or could only be let at rents which would not meet the outgoings.

These are some of the grounds for observing caution in this matter. There are others. The Bill introduces all the injustices of the March, 1939, scale of values. Existing owners of houses or other property may be expropriated at a figure which will not buy them anything like equivalent accommodation to-day. It is true that a duty is imposed upon the corporation to secure in the case of residential accommodation the provision in advance of alternative accommodation for the person displaced. However, the decision of a corporation or of a court of law on what is reasonable alternative accommodation is a very different thing from having in one's pocket a sufficient sum of money to make one's own choice. Moreover, it would seem that the corporation could meet the claim of the dispossessed owner of a dwelling house by paying him compensation at 1939 values and letting him other accommodation. In that event the spoliation of the owner is not immediate, but is postponed until such time as he wishes to leave the district when he will find himself without sufficient money to buy at post-war prices accommodation equal to that he lost. In the case of non-residential accommodation there is not even an obligation to offer alternative accommodation.

It may be presumed that the corporation will try to avoid expropriating people unnecessarily. In that event and especially where the new town is built round the nucleus of an old one, other anomalies and injustices will arise. The owner who is dispossessed will receive 1939 compensation. The owner who is not may enjoy not only the present inflated value but also perhaps large accretions of value by reason of the growth of the town round him.

Another point which may be mentioned is that no adequate machinery will exist for fixing the rents of property owned and let by the corporation. If they grant long leases, it is certain that many anomalies will arise in the course of time. If they grant short leases, there should be some effective and impartial machinery for ensuring that the rents are revised frequently and brought into accord with market value.

It will be seen that some of these difficulties arise out of the decision of the State to pay compensation at 1939 values although the action of the State has at the same time reduced the purchasing power of money and increased the money price of everything. They also arise out of the inherent economic obstacles to planning. They arise further out of the failure of the State to establish an effective system of land valuation and taxation and rating of land values. This is the indispensable means of preventing speculation, relieving houses of rates and encouraging their erection to let at reasonable rents, and recovering for the community the land value which it creates as and how that varies whether upwards or downwards.

TEN MINUTES IN THE TRAIN

WE HAD not met for some time, and consequently our unexpected encounter at the railway station was a great pleasure. We got into the same train, and he told me that he was going to an exhibition of which he was one of the directors. As soon as we had taken our seats we began to chat.

"Tell me, now, you who have dedicated your life to Land-Value Tax propaganda, what exactly is this thing? I read your article on improvements, on the limitation of mortgages and their reform; but, to tell you the truth, it is not at all clear to me what you are trying to advocate in it, or it may be the Land-Value Tax which is not clear to me."

"Very likely," I replied, "since there are particular points for the complete comprehension of which a knowledge of the principle you refer to is indispensable."

"Very well; give me an explanation of this principle."

"Good heavens, sir! In the ten minutes that we are going to be together you expect me to explain an economic problem about which more than 200 books and pamphlets have been written?"

"Yes, but you know that business men have a natural aversion to purely theoretical discussions. A sure and fundamental proposition ought to be capable of brief and clear definition, and if so ten minutes should be sufficient."

I replied that I wished to satisfy him as completely as possible, that he was quite right, since, indeed, ten minutes would be more than sufficient for a brief explanation. But in the first place I would like him to tell me something about his exhibition.

As may be supposed, he discoursed eloquently on this subject; and gave an animated description of the plans of the buildings and of the advantages to his business which he expected to result from the exhibition which would give the exhibitors an opportunity of displaying their wonderful inventions.

At this point I interrupted him: "How is the cost of this enterprise met?"

"The principal source of income is the rent of each stand."

"But isn't it difficult to allocate the stands justly, so as not to give, consciously or unconsciously, one exhibitor an advantage over another?"

"More theories! When a business man does a thing, he always sets out from a clear and simple point of view. The stands are let to those who offer most. The man who wants a stand near the entrance, for which there is a considerable demand—for instance, a corner site with good light—must pay more than he would for a site less in demand."

"Then you don't let out the stands according to area?"

"No, sir! According to their value. Would not a tenant put the same value on a corner site with good light as on a stand three times as large at the rear of the building?"

"Yes; but let us suppose that the man who rents this excellent site is not able to do any business."

"That's his look out. He who has it must run the risk and submit to his good or bad luck according as he pleases the public taste or no; whether his goods are in much demand or are worthless is his lookout. We cannot do more than give him the same opportunity as the rest. The man that wants much must pay much, but what each individual may make with the chance thus acquired will be determined by his own intelligence, by his personal care and ability. What he is able to get by it will be for his exclusive benefit, and the community has nothing to do with it."

At this moment the train began to slow down.

"I have to leave you at the next station," said my friend. "I am so glad to have met you, and would have been just as glad to have had you give me some explanation of the

Land-Value Tax, while I have done nothing but talk about our exhibition and the way we let out the stands there."

"No, I have said nothing about the Land-Value Tax, because you have yourself done it better than I could. Imagine the land of a country apportioned in exactly the same way as you apportion the stands at your exhibition, and you will understand the principles of the reform I advocate. The taxes, rent or contribution, whatever you like to call it, should be divided according to the demand of each individual for the land. What each can make from the land he uses is his affair, and his application, talent, and economy should not be penalised by taxes. How did you put it? You said yourself: When a business man does a thing, he always sets out from a clear and simple point of view. Exactly. Look at our municipal and national life from the same point of view, and you will be an advocate of Land-Value Taxation. Good day—and think over that!"

By the late Dr. A. Damaschke, leader of the German Land Reformers: reprinted from Land Values, June, 1913.

MR. F. C. R. DOUGLAS

Appointed Governor of Malta

HIS MANY friends in the Henry George Movement will join in felicitating Mr. F. C. R. Douglas on the distinction which the Government has conferred on him by his appointment as Governor of Malta, a post which he is taking up immediately. They will recognise the loss that will be felt, particularly on the Board of the United Committee and in the offices of LAND & LIBERTY, by his absence abroad. Mr. Douglas has been called to his high post in the service of the country in recognition of his outstanding abilities and his capacity as a civilian administrator. The task he is undertaking is one of great responsibility in what awaits him in Malta. The island has to be pulled out of a shattered economic condition and a new constitution now being drafted by Malta's assembly has to be established. But he brings to it his talents as an economist, his experience of municipal government, his reforming zeal in matters of land tenure and taxation and his understanding of constitutional law.

Mr. Douglas has been a member of the United Committee since 1910 and has been its assistant secretary and associate Editor of LAND & LIBERTY since 1933. His work in that capacity and as assistant secretary of the International Union fills a place in our records which is beyond estimation. He was elected president of the English League in 1942. His appointment as Governor of Malta caused his retirement from Parliament where he has represented North Battersea since 1940. He has served as Parliamentary Private Secretary to the Parliamentary Secretary of the Board of Education, and to the Home Secretary (Mr. Chuter Ede), as member of the Public Accounts Committee, the Railway Assessment Committee, and the Public Works Loan Board, and was chairman of the House of Commons Select Committee on the Estimates. At the last General Election he was returned with 14,070 votes, being a majority of 9,101 over his Conservative opponent. He has been a member of the Battersea Borough Council for 26 years and a member of the London County Council for 12 years, where he was chairman of the Finance Committee from 1940 to 1946.

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CENTENARY OF THE CORN LAW REPEAL

ON JANUARY 27, 1846, Sir Robert Peel announced the policy of the Government on the Corn Laws. In three years they were to be repealed. From the passing of the Act and until February 1, 1849, the maximum duty was to be 10s., which could be levied when corn was under 48s. but should diminish by 1s. per quarter till the price reached 53s., when it should remain at 4s. The duties on barley and oats were to be proportionate, colonial corn to be free, and maize only at a nominal duty. The debate on this proposal lasted twelve nights, and the resolutions were carried on February 27 by 337 to 240. The Corn Importation Bill was passed in the House of Lords on June 23, 1846, without a division, and received the Royal Assent on June 26.

The systematic agitation for the repeal of the Corn Laws commenced with a meeting at King Street, Manchester, on December 20, 1838, the demand of the Anti-Corn Law League being expressed in the Petition to the House of Commons declaring as follows:

"Holding one of the principles of eternal justice to be the inalienable right of every man freely to exchange the result of his labour for the productions of other people, and maintaining the practice of protecting one part of the community at the expense of all other classes to be unsound and unjustifiable, your petitioners earnestly implore your honourable House to repeal all laws relating to the importation of foreign corn and other foreign articles of subsistence; and to carry out to the fullest extent, both as affects agriculture and manufactures, the true and peaceful principles of Free Trade by removing all existing obstacles to the unrestricted employment of industry and capital."

Richard Cobden was returned to Parliament for the first time in August, 1841, as Member for Stockport. John Bright joined him in 1843, and it was they and their colleague, Charles Villiers, who fought for the reform on the floor of the House. But it was by the vigilant, intense and brilliantly led campaign over the length and breadth of the country with no further talk of "petitioning" the House that the triumph was achieved, in eight short years, against the entrenched power of the landed interests—of the "Monopolists," as Cobden well called them. No doubt the reformers had their ally in the terrible distress of the times, and it was that which decided Sir Robert Peel upon the dramatic step he took after having been lately a pledged supporter of the corn laws. Among the names of the many who by their efforts and sacrifice contributed to the victory, there is one in particular who should not be forgotten—Colonel T. Perronet Thompson, the author of the *Catechism on the Corn Laws* and other works—to whom Cobden paid a special tribute when the League met (July 4, 1846) to suspend its organisation, its objects accomplished. The *Catechism* was a trenchant denunciation of landlordism, its polemics cast in conversational style with abundant wit. It was one of the most effective publications the League possessed.

We commemorate the Repeal of the Corn Laws by selecting some passages from Cobden's speeches, taken (with one exception) from the volume edited by John Bright and J. E. Thorold Rogers, and published by Macmillan in 1880. It is peculiar that the Derby speech in 1841 was not contained in that volume. It had been known to land reformers, and it was only after search made at the British Museum (as it happens by John Paul, the late editor of this paper) that its text was discovered and the "testament" it conveyed was handed to a later generation by those Free Traders who see more in Free Trade than the mere abolition of protection. It is well to invoke again the radical message of Richard Cobden and the Anti-Corn Law League, for there has been retrogression and reaction since. The world has gone back in these hundred years for reasons that need not be entered into here, but some of the responsibility does rest upon those who, presuming to speak in the name of Cobden, have kept their agitation for Free Trade within the narrow brackets of "tariffs for revenue only," approving of import duties if

they were balanced by excise, and failing to extend the principle of free trade to the freedom of production. Free Trade so ineptly and inadequately defended was an easier prey to the assaults of its enemies; and so, to-day, while we commemorate the repeal of those iniquitous Corn Laws we cannot make it a celebration, for the victory of Free Trade is not yet. To go back upon these speeches of Cobden's, it is astonishing to see how apposite they are to both the political and the economic conditions of the present day. There is an everlasting freshness in them which inspires his successors to new and more successful endeavours.

The remarkable insight which Cobden showed predicting the revenge of the landlords, will also be noted—that is, in what they would do to have local taxation taken off land and placed upon the shoulders of the general taxpayer. This was the "odious principle of compensation" and the "spoliation" he had warned against; but the landlords did succeed in securing compensation for the loss of the Corn Law, by steps and stages through the Agriculture Rates Acts, culminating in the Derating Act of 1929, that legislation of ill fame for which Mr. Winston Churchill was so largely responsible. Of him, as Cobden would have said, "better things were expected."

COBDEN'S VISION AND FAITH

"I see in the Free Trade principle that which shall act on the moral world as the principle of gravitation in the universe—drawing men together, thrusting aside the antagonism of race and creed, and language, and uniting us in the bonds of eternal peace. I have looked even further. I have speculated and probably dreamt, in the dim future—ay, a thousand years hence—I have speculated on what the effect of the triumph of this principle may be. I believe that the effect will be to change the face of the world so as to introduce a system of government entirely distinct from that which now prevails. I believe that the desire and the motive for mighty empires; for gigantic armies and great navies—for those materials which are used for the destruction of life and the desolation of the rewards of labour—will die away; I believe that such things will cease to be necessary or to be used, when man becomes one family, and freely exchanges the fruits of his labour with his brother man. I believe that, if we could be allowed to reappear on this sublunary scene, we should see, at a far distant period, the governing system of this world revert to something like the municipal system; and I believe that the speculative philosopher of a thousand years hence will date the greatest revolution that ever happened in the world's history from the triumph of the principle which we have met here to advocate." *Manchester, January 15, 1846.*

POLITICS AND PRINCIPLES

"This is not a party move to serve any political organisation. We care nothing for political parties. As they at present stand, there is very little indeed to choose between the two great parties. Let a statesman of established reputation, of whatever side in politics, take the step for the perfect freedom of trade, he shall have the support of the League . . . to carry such a measure whatever his other political opinions may be. The sole object of the League is to put an end to and extinguish at once and for ever the principle of maintaining taxes for the benefit of a particular class. . . . It is no fault of ours if with this agitation should be mixed up the question of rents and should mingle in a degree that would render it difficult to separate the rights of property from the claims of those who labour under the grievance of these intolerable exactions. . . . The fault lies with those who support monopoly, who are deaf to reason and injustice; a pedestal which is always liable to fall and always certain to bring down those who stand upon it." *London, September 28, 1843.*

"Do not let us be used, however we may, be abused, by

any of the existing political parties. There never was a period in the history of England when an attempt was made to carry an opposition with a more intangible line of demarcation than that which separates Whig and Tory at the present moment. From the time of Charles I there never has been a period when there was such an attempt to keep up an opposition against a party in power without apparently one atom of principle on any one great public question to support an opposition. I ask you upon this occasion, whatever may happen in the party papers or be spoken against us as Free Traders, to apply but one test to us, namely, are we true to the principles we advocate? If we cling to that truth we have only to persevere as men have ever done in all great and good objects, and it will be found that being true to our principles we shall go on to an ultimate and not very distant triumph." *London, July 3, 1844.*

APPEAL TO MORALS AND UNDERSTANDING

"It would be very monstrous indeed, in the moral government of this world, if one class of the community could permanently benefit at the expense and misery of the rest. Although agriculturists may not benefit themselves ultimately, that is no reason why they should inflict great misery on us. You may strike a blow, and, although that blow may be mortal to another, its recoil may be mortal to yourselves. But it is no less a mortal blow to him you strike because you strike yourselves also." *Manchester, October 19, 1843.*

"The repeal of the Corn Laws will be carried when men understand it. And when you understand it, if you are honest men, you will feel it; if you feel it you will not be able to be quiet without doing something to put down this great injustice. I exhort you to spread abroad light on this subject. Knowledge is the power—knowledge alone—by which we shall bring this foul system to the dust." *London, February 8, 1844.*

PROTECTIONISM AND STATE CONTROLS

"How can protection, think you, add to the wealth of a country? You may, by legislation, in one evening, destroy the fruits and accumulations of a century of labour, but I defy you to show me how by the legislation of this House you can add one farthing to the wealth of the country. That springs from the industry and intelligence of the people of this country. You cannot guide that intelligence; you cannot do better than leave it to its own instincts. If you attempt by legislation to give any direction to trade or industry, it is a thousand to one that you are doing wrong; and if you happen to be right, it is a work of supererogation, for the parties for whom you legislate would go right without you, and better than with you." *House of Commons, February 27, 1846.*

EXTORTION IN ANOTHER SHAPE

"We do not intend that they (the landlords) shall have one shilling more of protection. And something else we do not intend they shall have. There is another thing they are going to do—if we will let them—and which I always suspected they would do. They will try to extort it from us in another shape. Their plan is that the £12,000,000 of local taxes for poor rates, highway rates, church rates and the rest, shall be, half of them, if they cannot get the whole—they had rather put the whole upon your shoulders—shall be taken off the land and put upon the Consolidated Fund; that is, taken out of the taxes raised upon the necessities and comforts of the masses of the people . . . and mind you, I am afraid we shall have some people joining in this from whom I expected better things. Those burdens have been borne by the real property of the country from two to three centuries at the least. Poor rates have been nearly three centuries borne by the real property of the country, and the others are nearly as old as our Saxon institutions. The charges have been endorsed upon the title deeds and the property has been bought or inherited at so much less in consequence of those charges and therefore the present owner has no right

to exemption from those burdens, having bought the property knowing it to be subject to those burdens and having paid less in consequence. Another reason why this property should bear those local burdens is this—it is the only property which not only does not diminish in value but in a country growing in population and advancing in prosperity, it always increases in value and without any help from the owners." *Leeds, December 18, 1849.*

LANDLORD LAW—A BLACK RECORD

"Great as I consider the grievance of the protective system, mighty as I consider the fraud and injustice of the Corn Laws, I verily believe if you were to bring forward the history of taxation in this country for the last 150 years you will find as black a record against the landowners as even the Corn Law itself. I warn them against ripping up the subject of taxation. If they want another League at the death of this one then let them force the middle and industrious classes of England to understand how they have been cheated, robbed and bamboozled on the subject of taxation—how landowners 150 years ago deprived the sovereign of his feudal rights over them; how the aristocracy retained their feudal rights over the minor copyholders; how they made a bargain with the King to give them 4s. in the pound upon their landed rentals, as a quit charge for having dispensed with these rights of feudal service from them. How they afterwards passed a law to make the valuation of their rental final, the bargain originally being that they should pay 4s. in the £ of the yearly rateable value of the rental—that the land has gone on increasing tenfold in many parts of Scotland and fivefold in many parts of England, while the land tax has remained the same as it was 150 years ago . . . if they force these things to be understood, they will be making as rueful a bargain as they have already made by resisting the abolition of the Corn Law." *London, December 17, 1845.*

WHERE TAXATION SHOULD REST

In his speech at *Derby, December 10, 1841*, Cobden had referred to the same subject saying, "When I look into the land tax from its origin to the present time, I am bound to exclaim that it exhibits an instance of selfish legislation secondary only in audacity to the corn law and provision monopolies," and he continued:

"It is a war of the pockets that is being carried on; and I hope to see societies formed calling upon the legislature to revalue the land, and put a taxation upon it in proportion to that of other countries and in proportion to the wants of the State. I hope I shall see petitions calling upon them to revalue the land and that the agitation will go on collaterally with the agitation for the total and immediate repeal of the corn laws, and I shall contribute my mite for such a purpose. There must be a total abolition of all taxes upon food, and we should raise at least £20,000,000 a year upon the land and then the owners would be richer than any landed proprietary in the world."

Cobden thus perceived and pronounced the relationship between the Free Trade question and the Land Question. He realised the insufficiency of the abolition of the Corn Laws in removing poverty. The evils and the privileges of landlordism must also be combated, and there is something of a testament in the words he uttered in his last public speech, at *Rochdale, on November 23, 1864*. He was taking up the reference in the *Edinburgh Review* to the domestic reforms that awaited attention. "At home we have still to apply to land and to labour that freedom which has worked such marvels in the case of capital and commerce—I say 'Amen' to it," Cobden said. "If I were five-and-twenty, instead of unhappily twice that number of years, I would take Adam Smith in hand and I would have a League for free trade in land just as we had a league for free trade in corn; and if you can apply free trade to land and to labour too, then, I say, the men who will do that will have done for England probably more than we have been able to do by making free trade in corn."

AN ANALYSIS OF THE NATIONAL ACCOUNTS

ABSTRACTED FROM THE FINANCIAL STATEMENT, OFFICIAL RETURN NO. 116

<i>Estimated Expenditure</i>	<i>Thousand £</i>
Cost of tax collection	25,073
Interest and management of National Debt (a)	490,000
Defence services, Navy, Army, Air	1,192,575
Ministry of Supply	474,000
Transfer from sales of surplus war stores to provide landlord compensation (the "National Land Fund")	50,000
	<hr/> 2,231,648
<i>Various State Aids</i>	
Agriculture and fisheries, including food production and forestry	56,062
Food services, other than food production (b)	247,493
Housing subsidies	36,422
Family allowances	33,000
Subventions to Local Authorities, general grant (c)	65,265
Employment and development grants, and employment and training assistance schemes, also unemployment assistance	45,509
Civil aviation... ..	22,200
	<hr/> 2,742,599
<i>Certain "Social Services"</i>	
Education and health services	135,811
Contributions to insurance schemes, unemployment and health	37,630
Old age and supplementary pensions and payments to widows', orphans' and old age contributory pensions accounts	156,422
	<hr/> 3,072,462
Works, buildings (including for Post Office) and stationery	91,174
Other expenditures on home account, through various Ministries and on various services, including general administration	105,475
Foreign, Imperial, Colonial and N. Ireland services	67,173
War pensions	102,003
	<hr/> 3,438,277
Terminal or temporary services arising out of the war	448,640
	<hr/> 3,886,917
<i>Estimated Revenue</i>	<i>Thousand £</i>
Income tax and surtax	1,191,000
Estate duties	140,000
Stamp and other revenue duties	30,000
National defence contributions and excess profits tax	325,000
	<hr/> 1,686,000
Tax on entertainments	50,000
Petrol tax and motor vehicle duties	105,010
Taxes on sugar, tea, cocoa, coffee, dried fruits and table waters	44,100
Taxes on alcohol consumption	402,000
Tobacco taxation	425,000
Purchase tax on a large range of articles	153,000
Customs tariffs other than included above and mostly of a protectionist nature	33,950
Excise duties on goods other than included above, and excise licences	13,940
	<hr/> 2,918,000
TOTAL FROM TAXATION (d)	2,918,000
Sale of surplus war stores	150,000
Surplus receipts from trading services	50,000
Miscellaneous other revenue	43,300
	<hr/> 3,161,300
DEFICIT to be met by borrowing (a)	725,617
	<hr/> 3,886,917

NOTES

(a) The total of the *internal* National Debt on March 31, 1946, was £23,270,862,000, so that on these estimates it will reach £23,996,479,000 by the end of the present financial year. As for the *external* debt, the Statement refers to the position as it was on March 31, 1945, viz.: Debt arising out of the 1914-18 War, 1,032 millions, and created under the 1939-44 National Loans Acts, 237 millions.

Loans by this country arising from the 1914-18 War were 3,333 millions, payments in respect of which have been suspended since July 1, 1931. The "sterling balances" owing by this country, and amounting to 3,500 millions, are not mentioned.

(b) In his Budget speech, April 9, 1946, Mr. Hugh Dalton said that the Food Subsidies were now £335,000,000 a year. That figure is not found anywhere in the printed Financial Statement, nor is it possible to make it up from the details provided. Question is under what head or heads the difference between £335 and £247 millions is included.

(c) In the Financial Statement the total of the "Assistance to Local Services" is given at £290,150,000, which includes the "general grant" of £65,265,000. The rest is for the "specific services," education, health, police, roads, development grants, etc., and is contained under separate heads in the foregoing Summary.

(d) The total of Parliamentary taxation. In year 1945-46 the total local taxation (in rates levied by the Local Authorities) was £244,806,000.

JOIN OUR INTERNATIONAL

4 Great Smith Street, London, S.W.1.

The International Union for Land Value Taxation and Free Trade (Mr. Ashley Mitchell, hon. treasurer) invites enrolment of readers of *LAND & LIBERTY* everywhere, the minimum membership fee being 5s. (or \$1) yearly with supplementary donation of any amount for aiding its work. The objects of the Union are thus stated: "To stimulate in all countries a public opinion favourable to permanent peace and prosperity for all peoples, through the progressive removal of the basic causes of poverty and war, as these causes are demonstrated in the writings of Henry George. Specifically, towards the realisation of these objects, the Union favours the raising of public revenues by taxes and rates upon the value of land apart from improvements in order to secure the economic rent for the community and the abolition of taxes, tariffs, or imposts of every sort that interfere with the free production and exchange of wealth." President of the Union is Mr. E. J. Craigie, Adelaide, chairman of the Executive, Mr. Austin H. Peake, England; Secretary, Mr. A. W. Madsen.

After-the-war communications with many countries being restored, the Union's correspondence has grown by leaps and bounds and contacts have been resumed with numerous readers of this paper, particularly in Scandinavia, Holland, Belgium, France, Spain and Switzerland. From U.S.A., Canada, Australia, New Zealand and South Africa the stream of letters is continuous. Most welcome also are recent letters from Bengal, Ceylon, the Persian Gulf, Hungary, Bulgaria, Berlin, Greece, British Guiana, Jamaica, Palestine and Venezuela. A frequent inquiry is: "When are we to hold the next International Conference?"

"Ah, when shall all men's good
Be each man's rule, and universal Peace
Lie like a shaft of light across the land,
And like a lane of beams athwart the sea,
Thro' all the circle of the golden year?"

"When wealth no more shall rest in mounded heaps,
But smit with freer light shall slowly melt
In many streams to fatten lower lands,
Thro' all the seasons of the golden year.

"Fly, happy happy sails and bear the Press;
Fly happy with the mission of the Cross;
Knit land to land, and blowing havenward
With silks, and fruits, and spices, clear of toll,
Enrich the markets of the golden year.

"Well I know
That unto him who works, and feels he works,
This same grand year is ever at the doors."

From Tennyson's *Golden Year*.

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LORD KEYNES

THE LATE Lord Keynes was a man of attractive, versatile and ingenious personality, and his writings on economic matters have gained wide attention and exerted great influence upon public policies. Some of those who have written of him put him in the same class as Adam Smith, while others still more extravagantly have claimed that all previous work in economics became obsolete and invalid because of his theories. Time will show that not all who preceded him were lacking either in intelligence or insight.

Mr. Keynes (as he then was) first came into public notice, after he had been principal economic adviser to the British delegation at the peace conference after the war of 1914-18, by his book, *The Economic Consequences of the Peace*. It was a strenuous denunciation of the economic provisions of the treaty, enlivened with somewhat vitriolic sketches of the principal actors. The book had an extremely wide circulation, and it appealed to the innate sense of justice and fair play of the British people who had soon recovered from the momentary attack of hatred that led to the return of the Coalition Government in 1918 and all the disastrous consequences which flowed from that. Keynes's reputation was made.

His subsequent economic thought, which some have regarded as revolutionary, was largely centred round a simple and not novel idea. This was, that in our existing society certain "rigidities" existed which prevented the rapid adjustment of prices to changes in the economic situation, and that it was on this account that factors of production became unemployed. In particular, it was argued that the resistance of wage-earners to reduction of wages, strengthened both by trade union organisation and by unemployment insurance and other means of preventing destitution, was the main cause of unemployment. It was impossible to break down this resistance by a frontal attack except at the cost of great suffering and social discord. Hence some way round must be found.

The way is to reduce real wages without reducing money wages. In other words, let the price of commodities increase, and wages remain stationary. One of Keynes's earlier suggestions on that line was his proposal at the time of the economic crisis in 1931 of a general tariff on imported goods. This would, no doubt, have caused an increase in prices without an increase in wages, and so might have induced employers to employ more labour for a time.

Subsequently his thought travelled mainly on the lines of monetary theory, but still with the same result. Depressions and unemployment could be cured or prevented by means of increased monetary circulation. A sufficient dose of inflation would raise prices more quickly than wages and would cause full employment. It is this idea which dominates Sir William Beveridge's *Full Employment in a Free Society*, except that there it is coupled with the notion that the Government must not only provide more money for people to spend, but must also compel them to spend it in the way which it thinks best. This variant of the Keynes idea results in anything but a free society. Other writers, such as Professor M. Polanyi, repudiate it and in effect declare that inflation is enough.

There is nothing novel in the basic idea. What Keynes contributed to it was a wealth of elaboration and a quasi-mathematical analysis which purported to prove some rather questionable propositions. The basic idea has, in fact, had many exponents and many tests. The world has not lacked theorists who were prepared to demonstrate the advantages of increasing the quantity of money in circulation and the ease of providing it by the printing press; nor has it lacked governments who, whether they knew the theories or not,

have put the printing press into operation. The results are not too encouraging.* The instrument is apt to get out of control, and when that happens the ultimate beneficiaries of the experiment are usually the owners of land and fixed capital, while those who have lent money either to the State or to industrial concerns, find themselves expropriated; nor does the worker fare well in such violent turmoils.

Nevertheless, there is an element of truth in the idea that more men might be employed if the real wages each earned were reduced. There is, however, an underlying assumption that the wage-worker will not see the trick. Once the policy becomes known and understood, it will be no easier to compel men to accept a cut in wages by the indirect means of increase of prices than by the direct means of reduction in wage rates.

In the same way the manufacturer and trader when he understands what is in view will discount the possible benefits to himself of increased prices by the knowledge that the price of wages and of everything else will increase.

Thus the policy of monetary manipulation, once it becomes known and understood as a policy being pursued by a Government, immediately leads to economic measures to avert the consequences and to counter-speculation. The whole conduct of economic affairs then becomes obscured and impeded by guesses about the future policy of the Government and how it will affect prices, and instead of greater stability being introduced into the economic system, greater uncertainty is injected.

This also is verified by past experience. Whenever any country has suffered from a paroxysm of inflation, the first and essential step taken to get its trade and production going again satisfactorily has always been to establish a new monetary system which appears to be fortified and buttressed against any interference by the State.

On further examination we think that those who believe that Lord Keynes effected a revolution in economic thought will discover that his ideas fall into a pattern which was already known.

So far as we recollect he never mentioned land in any of his writings. It would not be fair to assume that he did not realise that nothing can be produced without land. For the sake of record it may be added that in reply to a correspondent who wrote to him asking whether the essential thing was not to get unemployed labour to work on unemployed land, he replied that this was exactly what he was after!

Indeed, in practical affairs he seemed to be well acquainted with the economics of the land question. It seems that many of the investments of the college of which he was bursar and of other institutions he was associated with were in land. Nothing could have been wiser from their point of view, so long as we continue to have periodic periods of inflation and so long as we refrain from taxing land values.

FOLLOWING KEYNES

PROFESSOR POLANYI is not a professional economist but a chemist. His writings on economic subjects display a clarity and logic which are all too rare. This quality is well exemplified in his latest book.* Once the premise of his argument is granted, the rest follows by inevitable reasoning.

This premise is the Keynes theory that unemployment is due to insufficient spending, and that the insufficiency is due to savings being made which are not compensated by an equal amount of spending. Professor Polanyi does not attempt to prove this premise. He assumes it. We do not

* *Full Employment and Free Trade*, by Michael Polanyi, F.R.S. (Cambridge University Press), 8s. 6d.

intend to discuss it here. What we prefer is to draw attention to the consequences which Professor Polanyi deduces from it.

If the amount of employment depends upon the quantity of money in circulation, then the remedy is simply to put more money into circulation. How is this to be done? The most obvious way is to reduce taxation, leave a gap in the national budget between expenditure and revenue, and fill this gap by issuing sufficient money, or credit.

Professor Polanyi advocates this course because it maintains what he calls the principle of neutrality, that is to say it does not involve direction or control or interference with the economic life of individuals. He points out that most of those who adhere to the Keynes theories wish them put into operation by the Government embarking upon vast constructional projects and borrowing money to finance them. For the Government to undertake large constructional tasks for the sole purpose of carrying money into circulation is "squandering the resources of the nation," and is far from neutral in its effects.

In like fashion he condemns the idea which dominates Sir William Beveridge's *Full Employment in a Free Society* that the State (to quote Sir William), "if it undertakes the responsibility for ensuring sufficient total outlay for full employment, must also concern itself with the direction of the outlay." On this, Professor Polanyi says: "It is no exaggeration to say that it has become almost universally accepted by the British public to-day that the increased public expenditure, the greater equalisation of incomes and the more effective supervision of private investment and private consumption, etc., advocated by Beveridge form part of the conditions required to establish full employment. Few people realise that these merely represent measures which Beveridge (and others) have taken an opportunity to urge, even although they have essentially nothing to do with the establishment of Full Employment. That Full Employment could in fact be attained also, for example, in conjunction with a reduced quota of public expenditure, an increased inequality of incomes and a relaxation of public responsibility for consumption."

If the Government intervenes in order to keep businesses in operation which otherwise would cease, "any insolvent enterprise would have as good a claim as another to demand public support, and no Government authority could equitably withhold aid from one such enterprise if it had previously given it to another. Support for individual enterprises has . . . never been put into effect without causing justifiable resentment for sheltering inefficiency, bolstering monopolies and inviting wire-pulling by interested groups." Hence the principle of neutrality is a variant of the separation of economics from politics. "The latter maxim has recently fallen into discredit: partly on account of its abuse by those who upheld it to bar the State from fulfilling its humanitarian obligations; and partly through the influence of Marxist Socialism which has weakened the sense for the ordered division of powers which alone can preserve society from arbitrariness, corruption and oppression. We must restore respect for this maxim once more."

As, in this theory, unemployment is caused by insufficient monetary circulation, tariffs can be no cure for it. On the other hand, Professor Polanyi sees no hope of getting rid of tariffs while unemployment is rife. "Free Trade through Full Employment must be the aim. The purpose of Free Trade remains, as Adam Smith saw it, to secure the best division of labour between nations, regions, and individual producers. The ideal of Free Trade cannot be fully realised in practice; but even so, individual commercial competition in the market remains the only mechanism by which any acceptable division of labour can be adjusted. Price agreements and restrictions on entry to industry are, in general,

clumsy and lawless methods of governing industry. They can be operated only by arbitrary decisions which open the door to intimidation and corruption. Such lawless methods are particularly pernicious when practised between nations as partners to them. They embitter and poison international life more than any other."

Professor Polanyi is well aware that the course which he advocates has the effect of increasing prices when the monetary circulation is increased and reducing them when the circulation diminishes. This also affects wages, but wage adjustments "will never quite catch up with these changes. Thus the real wage rate will inevitably move in a direction opposite to changes in circulation and the price level; expansion will cause [real] wage rates to decline and contraction will cause them to rise." Professor Polanyi thinks that this would be largely compensated by the increase in total wages through full employment. He admits that those who were already working full time might suffer loss. "Compensation would have to be sought in additional redistributive taxation for which the swelling profits of industry would offer the obvious source." Here, he exhibits less than his usual logic. Is it possible to conceive of taxation being levied upon men in such a fashion as would take account of whether their real wages had risen or fallen, or of the benefits of public expenditure being distributed according to such a measure? The thing is inherently impossible.

In his passage dealing with real wages, Professor Polanyi has brought into relief what some students of Lord Keynes' various writings have long recognised, namely, that the essential feature of every proposal which he has ever put forward for dealing with unemployment is by some means or other to reduce real wages and hence to bring about a larger demand for labour. The logic of this is not in question. What is in question is whether it is the only means of curing unemployment.

Professor Polanyi nowhere mentions that land is required for every kind of employment. We must, therefore, assume that he is quite unaware that land is ever held out of use for speculation and that his proposals would stimulate speculation. Perhaps he will yet discover this. Meanwhile, we must thank him for pushing the Keynes theory to its logical conclusion and demonstrating that the Beveridge proposals are useless excrescences upon the streamlined structure of monetary expansion.

LOOK AROUND EUROPE

LET GENTLEMEN look around Europe and they will find that the civil power was from time to time drawn in by pretended exigencies to allow and maintain an armed force in peace; which, as they at first thought, and were instructed to believe, was intended to add strength to their authority, to secure them in the possession of their religious and political rights; to watch the ambitious designs of their neighbour nations; and to preserve the balance of power. Glorious intentions, if they had proved real! But though they used all possible precautions, though they made it the condition of their establishment that the forces should be disbanded when the extraordinary occasion for which they were raised ceased; yet they perceived too late that their condition was not binding; that they had erected a power superior to themselves; that the soldiery, when they had tasted the sweets of authority, would not part with it, and that even their princes, after these temporary concessions made to them, began to think that ruling by an army was a more easy, a more compendious way of government than acting under the restraints and limitations of the laws of their country. And now they wear the chains which they put round their own necks, and lament the loss of that freedom which they unhappily consented to destroy, and which could never have been destroyed without their consent.—William Shippen, M.P. for Newton, Lancashire: In the debate on the Number of the Land Forces, December 4, 1717.

THE CORE OF THE PALESTINE PROBLEM

DR. BERNARD ASCHER, Haifa, writes:

From my window I am looking at a procession of about 4,000 strikers, headed by Arab and Jewish Government employees carrying banners with the slogan in Hebrew and Arabic:

"The Arab and Jewish workers are united and insist on their just demands!"

Am I dreaming? Time and again, politicians have told the world that there is bitter hatred between Jews and Arabs. . . .

No, it is not a dream. All the stories the political witnesses have told the Anglo-American Inquiry Commission have been disproved by the fact of Arab-Jewish unity made manifest. Both Jews and Arabs want an increase of wages and a decrease of the cost of living. The official cost of living index stands at present at about 260 (pre-war level=100).

But this is not the whole truth. There is rent restriction in Palestine. A tenant who happens to occupy the same flat for, say, ten years, pays a protected low rent (i.e., he expropriates the landlord). The newcomer—and there are many in a country built upon immigration—is unable to find accommodation. There are not enough new buildings. But if the newcomer succeeds in finding an abode, he is compelled to pay, in spite of rent restriction, a lot of money as additional rent in a disguised form, perhaps 50 per cent. or more of his income. These secret payments are never disclosed to the statistician; if they were, the cost of living index might stand at 500 instead of 260.

This newcomer is compelled to demand higher and higher wages, in order to cover the rent; if he succeeds, the man who has occupied the same flat for many years gets the same higher wages too. The result is . . . inflation.

The problem of inflation and cost of living is, in fact, a housing problem, and this, on the other hand, may be reduced to that of the cost of sites. There is a tremendous dearth of land in Palestine. Certain plots cost £St50 or more per square metre. How can the cost of housing be low, if the builder is compelled to pay £St50 for the plot? It is too easy to blame the "speculators." Wherever the population and its funds increase, wherever an active and industrious people lives, there the value of land is sure to increase, because it is simply the expression of the community's efforts and achievements. It is the speculative price of land that causes the land famine and high rents; and all the king's horses and all the king's men will fail to bring them down or reduce the cost of living unless we do something really decisive; that is, unless we introduce Land Value Taxation. When we shall give to the community what belongs to it, then land prices will stop rising, houses will be built, and the Palestine troubles will be settled.

All this might concern any other country, too. But we have still other reasons to introduce Land Value Taxation.

Lowdermilk and other famous experts have proposed large-scale development schemes for Palestine. We can have a second Suez Canal. We can use the sweet waters of the Jordan or the Orontes for a thorough irrigation of the whole Middle East. We can use the Dead Sea depression for an immense generation of hydroelectric power. We can make aluminium, magnesium and other light metals at low cost sufficient to build all ships and planes of the world, and we can create a home and jobs for millions of Jews and Arabs. We could do all that if we executed a scheme on the line of the famous Tennessee Valley Authority (TVA). But we do not want to put the profits derived from such a scheme into the pockets of some landowners who failed to risk their

funds and health in building up all these works. -The working community will sow, so this same community must earn the fruit.

Or are we to imitate TVA also in so far as it permitted landowners to enjoy without any effort the increase of land values created by TVA? David Lilienthal, the Chairman of TVA, boasts of this shame!

Shouldn't we better apply the principles embodied in the Irrigation District Act of California and secure for the working community the land values created by such scheme?

LAND TENURE AND TAXATION

The Palestine land system is still based on the Ottoman Land Code, which is a codification of ancient Mohammedan and Byzantine traditions. These traditions not only meet with eastern conditions, but also respond to modern demands. A Land Value Taxation system could be built directly upon them. The Ottoman Land Code, for example, recognises:

- (a) The escheat of uncultivated land.
- (b) The right of landless peasants to buy cheaply land which has been sold to strangers and left uncultivated or left by a deceased person without heirs.
- (c) The "unimproved value" of the land. This "Bedi Mithl" or "Tapu Value" is, in fact, that kind of value on which Land Value Taxation ought to be based. Even an inexperienced official knows how to assess it. Thus we are able to switch at once to pure Land Value Taxation, using old-established laws and practices.

The present taxation system includes a progressive income tax, urban property tax, municipal and local council rates, Jewish community rates and rural property tax on industrial buildings levied on the net annual value of immovable property. The net annual value of unimproved plots is legally fixed at 6 per cent. of their capital value. The rural property tax on other than industrial buildings is levied in accordance with the category of lands. There are 17 such categories corresponding with the value of the lands. It is immaterial whether or not lands are used in this or in that way, except that certain improvements are not considered to raise the value or alter the category of lands for a certain period or even for ever.

About 70 per cent. of all lands owned by Jews are owned by the Jewish National Fund, by the Palestine Jewish Colonisation Association and other public institutions. Their practice is to lease their lands on long terms, the contracts providing for periodic revision.

A goodly proportion of these leases has been granted to Jewish communal villages (Kibbutzim) which are *de jure* co-operative societies, and are forbidden by their statutes to make a profit. Neither these societies nor their members can sell their shares in the society nor in the leasehold rights of the society, so that there is a second and still more important safeguard against speculation in and usurpation of the ground rent.

There are also Government leases of State domains to developing bodies (mostly the above Jewish institutions) under similar conditions.

Mohammedan and Christian religious endowments (Wakf) cannot sell their lands and are thus compelled to lease them for limited periods.

THE COLLECTIVE SETTLEMENTS

The Jewish communal and collective settlements—the Kibbutzim—are Jewry's real answer to Hitler. Out of misery and persecution they were created, and their spirit of justice and co-operation, combined with technical efficiency, will

survive when the spirit of hatred, injustice, class rule and exploitation will long be dead.

But these Jewish settlers are human, and no human being can persist in living brotherly and honestly on the fruit of his toil if his neighbour gains sudden riches from land speculation without doing any work at all. As long as there is wild land speculation in the cities of Palestine by buying and selling a plot, the intelligent communal worker might be seduced to leave the Kibbutz and make money the same way. Land Value Taxation will destroy this possibility and this temptation, so it will save these co-operative settlements and preserve them as models for a better world. Their preservation is more important than the so-called struggle between the local politicians—and, by the way, there is no struggle at all between Jews and Arabs in Palestine—only between their politicians and journalists.

RENT IN RUSSIA

BOTH "CAPITALIST" and "Soviet" societies are based upon the denial of the right of the individual to apply his labour to land on equal terms with his neighbour. In the latter it is, in theory, only by permission of the State that any use may be made of the vast resources of the country or a building of any sort may be put up; it is only as a member of a Kolhoz that a man may cultivate the soil. In practice, of course, this silly idea has had to be abandoned in all directions, yet it remains substantially true that no large-scale undertaking can be begun outside the "National Plan."

Thus Rent appears in Russia first and foremost as an enormous bunching up of power in the hands of the bureaucracy and of the inner circle of the Communist Party. The evidence that these men are also feathering their own nests is substantial, but the point is comparatively unimportant. It would be odd if Russians were any more able than the rest of mankind to resist the temptations of power; power corrupts, and the power to say "yes" or "no" to the productive initiative of 200 million people doubtless corrupts very greatly.

There are, however, other forms taken by Rent in Russia. Nature is no more uniform there than elsewhere, and the population is no more evenly distributed. It is thus easier to produce in one place than in another, and the difference (which is rent or community income) is, in the absence of any corrective legislation, left in the hands of those more fortunately placed. That the "rentiers" are often themselves collective persons—trades unions, co-operatives, factories or farms—in no way restores the lost balance.

A clear example can be seen by those with eyes to see in the organisation of the collective farms. By a decree of February 18, 1935, houses with the land they are built on, kitchen gardens and allotments, were made individual property. The produce of these small-holdings will vary in the usual manner, apart from variations due to the different level of industry and intelligence brought to bear on them. But they are all small, and the Soviet policy has normally been hostile to them. Much more important, therefore, is another decree published about the same time, stating that the limits of the domain of each collective farm cannot be reduced. "This," says Sir Bernard Pares (*Russia*, Penguin series, p. 196), "the peasants regarded as satisfying their claim that the given holding belonged to these and to no other peasants—the principle which they had always maintained." For our purposes it should be regarded as a guarantee that the advantages of site and fertility enjoyed by certain collectives will never be taken from them.

We have the evidence of Trotsky that this collective landlordism has led to the hiring of labour by the so-called "millionaire" collectives and the renting of land to less

favourably placed collectives. (See *The Revolution Betrayed*, pp. 128 and 130. The whole passage—"Social Contradictions in the Collective Village" is a running commentary on the ineluctable law of rent all the more striking since the author is, himself, blissfully unaware of the fact.) Perhaps Trotsky overdraws the dependence of the Soviet state upon the favoured few—that is his political line. For our purposes it is sufficient to note that the inequality occurs.

Further "collective inequality" can be seen in what Sir Bernard Pares describes as "the economic domination of the Motor Tractor Station" (loc. cit. p. 166). These are a State-made monopoly which, according to Sir John Maynard, absorb 18 per cent. of the output of the collective farms, and which are, by law, immune from any outside competition.

Thus deeply embedded in the structure of Soviet agriculture we find pure economic rent and State-made monopoly profit going to private ("collective") hands. A similar analysis could be made in industry.

The distortions which result when the laws of political economy are ignored by society are many and various. They fall into two broad categories—monopolistic and Socialistic. In England, where these laws were once known and were made the basis of the policy of a great political party (now defunct) we stagger along under an exasperating combination of both types of distortion. Time will probably show that they are substantially identical. The monopolist in Socialist Russia and the Socialist in monopolised England approximate more and more in their standards of behaviour every day.

J. R. M. S.

GOLD RUSH AND LAND BOOM

SPEAKING in the debate on the Finance Bill, May 16, Mr. R. R. STOKES, M.P., referred to the gold rush in South Africa as a good example of what happens as a result of natural resources being discovered and of population desiring to go to a particular place. He quoted from *The Times*, May 13:

"Main attention at Odendaalsrust is shifting gradually away from share speculation and is concentrated on the buying of property. Plots and stands have risen spectacularly in price. The record price of £12,000 has been paid for a small building plot in the centre of Odendaalsrust which 14 days earlier changed hands at £2,700. An offer of £7,000 has been rejected for a building plot formerly worth less than £100. One sold 10 years ago for £52 is priced £5,000 to-day."

"And so it goes on," Mr. Stokes said; "this is because they are expecting population to flow there." He gave a number of examples of land prices in this country to illustrate the anomaly and inequity of the present rating system. "Tax buildings and improvements and you immediately hinder all development. Tax commerce and you at once hinder it. The purchase tax is obviously hindering people from buying. But taxing land according to its value, whether used or not, will force the owners to make use of it in the interests of the community. We need to stimulate the wealth of the country by bringing in a thoroughgoing system of the taxation of site values."

2d. HOW THE ENGLISH PEOPLE BECAME LANDLESS. And How to Regain the Land.

6d. BACK TO THE LAND. By Dr. Thomas Nulty, Bishop of Meath.

6d. RATING AND TAXATION IN THE HOUSING SCENE. By F. C. R. Douglas, M.A.

6d. LAND POLICIES. Official Reports Explained and Examined. By F. C. R. Douglas, M.A.

6d. LAND VALUE TAXATION IN PRACTICE. Review of what has been done in a number of Countries. By A. W. Madsen, B.Sc.

6d. LIGHT ON THE LAND QUESTION. A Frank Inquiry into the Land Value Policy.

NOTES AND NEWS

With the Chancellor of the Exchequer inclined to throw upon local authorities the onus of making assessments for land value rating (given that such legislation takes shape) the attitude of certain professional bodies needs watching. For instance, the Midland Counties Agricultural Valuers' Association, who by the word of their president at their last annual meeting (January 17, 1946) are determined custodians of the landed interest. "There was a new boggy," he said, "raising its head, namely, that of a return to the rating of agricultural land; they, as valuers, would be sorry to see that relief removed." Getting rid of the taxes which support and endow the recipients of rent is not their business, it would seem. Theirs is to uphold the fraud and iniquity of the Derating Act, to prevent land from being assessed and taxed at its true value, to prevent the abolition of taxation on houses and other buildings? Theirs is to be merely agents of vendors selling land in a monopolised market, or of buyers trying to muscle in?

Sale advertised in the *Scotsman*, May 13: "South Ayrshire. Farm for sale. Drumskeoch, Pinwherry, by Girvan. Carrying sheep and cattle. Comes under the marginal scheme. . . ."

Making comment in a letter to ourselves, A.R.M. underlines *comes under the marginal scheme* and writes:

"Under the marginal scheme big grants are given free by the Government, viz.: Hill cattle 'subsidy' £5 10s. per head for cows and £1 10s. for dry cattle for summer grazing; hill sheep subsidy 7s. 6d. per head per ewe; grant up to 50 per cent. of cost of cultivating, manuring, seeding, etc., of marginal land. Obviously the seller considers this a bull point and expects to get and will get a bigger price in consequence. The whole value of the grant then goes to the seller of the land and he goes out of the industry taking that with him. In this way our land system sterilises every effort and every benefit, and frustrates the intentions of the State."

Land Title Origins, by Alfred N. Chandler, a new publication of the Robert Schalkenbach Foundation, is warmly commended especially to our readers in America. The price is \$3. As its sub-title says, it is a tale of force and fraud. "I am greatly impressed," Professor John Dewey writes in a foreword, "amazed would be hardly too strong a word at the amount of historic investigation that is represented. The research is the more impressive and creditable because as far as I know it brings together for the first time materials that are widely scattered." It is a history of how and by whom the land was privately appropriated going back to the beginnings of many of the States of the U.S.A. when the Spaniards, the English and the others got their grants of land from Kings and Potentates who presumed to have God's gifts at their disposal. The book is extraordinarily well documented and a valuable bibliography is given with no fewer than 174 titles. It is a revelation on the looting of the public domain whereby the few were enriched and the many deprived of their heritage, inevitable social consequences flowing from that spoliation. The author is a traveller and economist, one-time member of the lecture staff of the Wharton School of Finance and Commerce, University of Pennsylvania, and has been active in public affairs for more than 50 years. Grateful acknowledgement is due to him for his latest service in that field.

It is stated that on the agenda for the Annual Conference of the Labour Party, Bournemouth, June 10 to 14, there are 19 resolutions about the need for rating reform. Now that the Chancellor of the Exchequer has unlatched the door to possible or prospective legislation for land value rating it is for these delegates to push it wide open. The Labour Party is deeply pledged. There should be circulated to everyone at the conference the reprint (by the United Committee) of the Party's official "Notes for Speakers" on the subject. A timely pamphlet, its price is 1d.

A columnist in the *Liverpool Echo*, March 11, wrote: "I hear that the volume of unemployment in Liverpool is steadily increasing . . . on the other hand the boom in industrial sites is continuing. . . . The next step for the Corporation, I was told, is to acquire more land for factories. 'Where?' I asked. 'At Kirkby,' was the reply. 'Any available there?' 'Yes, plenty on the Sefton estate.'" Mr. S. Deakin sent the cutting and pointed to the dreadful implications of this picture. He linked it with the report in the *Wallasey News*, March 9, that £110,000 was to be paid for a site in Church Street in the borough. "Meantime," he says, "the number of the unemployed continues to increase. But never mind, we may nationalise the banks, the mines and the haulage industry, increase old age pensions by a few shillings, have a State medical service whether we will or no and everything in the political and economic garden will be lovely!"

Supporting our rightly outraged correspondent and deploping the failure of the Government to tackle the land monopoly before *all else*, here is more news about the Sefton estates: The Bolton Corporation (*Liverpool Evening Express*, April 30) is disgruntled because the Crosby Corporation has made a deal with Lord Sefton to acquire the whole of Sefton, Thornton and Lunt, which cuts right across the whole of Bolton's expansion scheme. "Lord Sefton would not negotiate with Bolton," one said, and Councillor Rogerson remarked, "It looks as though Crosby has pulled a fast one on us."

Local Councils seem to be falling over one another in filling the land monopolists' cup to the brim. The land in question comprises about 1,500 acres and the cost, it is understood, will be in the region of £500,000. Surely the truth is rather that Lord Sefton "pulled a fast one" on Bolton.

An instance from Kensington. The Council (*West London Chronicle*, April 26) has decided to pay in the region of £25,000 for 1½ acres at Threshers Place, Walmer Road. Except for a bit to be offered to the Rugby Club, the site is to be allocated for maternity, child welfare and health purposes. We buy at the rate of £16,000 an acre permission from the landowner to be born, to grow up, to enjoy health and to play at games. This dear land of ours, don't the poets sing of it?

An £8,750,000 scheme for the reconstruction of 138 acres of St. Pancras, London, passed unanimously by the Borough Council last night, means—in the words of the Town Clerk, Mr. R. C. Austin—the end of one of the poorest areas. Said Councillor Mrs. Dennington, "This scheme is a design for living. There will be gardens, flowers, electric laundries, community centres, library and child welfare facilities." The *Daily Herald*, March 18, titles this "A Plan to End Poverty." It will certainly keep the wolf from the door so far as the interested landowners are concerned.

The Portman estate ranks second only to that of the Duke of Westminster. Starting at Marble Arch its boundary runs along the north side of Oxford Street, turns north to Madame Tussauds, west through Clarence Gate to the Metropolitan Music Hall, and so back to Marble Arch. It contains five squares—Portman, Bryanston, Manchester, Montague and Dorset—about a dozen churches and 40 public houses.—The *London Star*, March 23, 1946.

Reporting on the Irish Land Purchase Fund the Comptroller and Auditor-General has stated that the net cost to the British Exchequer, during the year ended March 31, 1945, of land purchased in Ireland was £4,380,000 exclusive of the cost of management. The total nominal amount of Guaranteed Stocks and Bonds created and issued for the purposes of the Fund was £136,757,359.

The three Labour candidates who stood together in the Heatley Ward of the Lymm Urban District Council for election on March 30—Messrs. Albert Brown, H. G. Enness and W. Holt—stated in

their election address: "Since 1929, property used for industrial purposes has been rated on one-quarter of what would have been the normal valuation, and so escapes three-quarters of the rates that otherwise would have been payable. A similar provision applies to railways. Agricultural land and buildings (except the farmer's dwelling-house) have been completely exempted from rates. The result of this has been to throw a heavier burden upon other ratepayers, such as householders and shopkeepers. The 1929 Rating Act should be repealed. We believe that the present method of assessment for rates is wrong. The Rating of Land Values has long been on the programme of the Labour Party, and the time is opportune for the adoption of this reform." The campaign was fought largely on that policy and although the candidates were not returned they made opinion, which will surely help to attain success on the next occasion, with Land Value Rating kept well before the electorate.

The National Union of Distributive and Allied Workers, at its annual delegate meeting held in Blackpool in May, passed the resolution, announced in our April issue, urging a tax on land value and declaring that as the Labour Party has long advocated that policy the time was opportune for prompt action by the Government on those lines. The resolution had been submitted by the Preston branch of the Union.

The annual meeting of the Yorkshire and Northern Land Values League will be held at the League offices, 129, Skipton Road, Keighley, on Saturday, June 22, at 3.30 p.m., followed by a public meeting at 6.30 p.m. in the Mechanics Institute. Arrangements for speakers are not yet completed but the president, Mr. Ashley Mitchell, will take the chair and Mr. A. W. Madsen will be one of the speakers. Full details will appear later in the Yorkshire Press. Mr. F. Beniley, the former organising secretary, addressed a meeting of the Chorley "Women for Westminster" on May 15 (which brought requests for extra copies of LAND & LIBERTY. Mr. Howard Binns addressed the Rotary Club at Bridlington on May 28.

The Manchester Land Values League has communicated to members of the Government, many Members of Parliament, and members of the Manchester and Salford City Councils, the resolution adopted at its recent annual meeting, which was in the following terms:

"This meeting, protesting against the increase of rates levied on houses and shops and other buildings, sees in this mode of taxation the main cause of house famine, high rents and individual hardship; it calls for a complete reform which, while taking rates off buildings, will derive the public revenue from the value of land by the rating of land values; it declares that this is just, because the value of land is a distinct 'community-creation' and therefore rightly belongs to the public; and further that this land-value policy is the effective way both of preventing the withholding of land from use in expectation of higher monopoly prices and of encouraging all building enterprise and the provision of the best type of houses to meet every demand."

The *Manchester City News* reported a special interview in which Mr. A. H. Weller outlined the work of the Manchester League during the past 40 years. Letters commenting on the Chancellor's recent statement on land value rating have been sent by Mr. Weller to a number of newspapers in Lancashire and Cheshire. Mr. D. J. J. Owen has addressed meetings of the Peace Pledge Union in Fallowfield and Didsbury.

In the *Dundee Courier*, Mr. John C. Geddes and others took part in correspondence relating to Mr. Dalton's "National Land Fund." Mr. D. Hamilton in his letter, April 15, had expressed the opinion that "in addition to the £50,000,000 from the sale of stores a sum should be earmarked in each year's Budget for the gradual recovery of the land to the nation, to be held by the

State and inalienable for all time." To that Mr. Geddes replied, April 20: "Mr. D. Hamilton's suggestion to the Chancellor of the Exchequer to set aside a sum annually 'for the gradual recovery of the land to the nation' is quite intriguing, but thoroughly unrealistic. The annual burden to bring this about—in the lifetime of the youngest now living—would be so huge that ere long the country would be sighing for the good old days of a 9s. income tax. Further, it surely is fantastic that the nation—the most highly taxed in the world—should be further taxed to provide a fund to regain possession of its own birthright. There is enough banditry in the world to-day without asking Parliament to search every pocket, to raid every cupboard, and then to hand the spoils to these favoured monopolists—the landlords."

FRANCIS R. KING in the *Cornishman*: "It is a scandalous thing that a family whose ancestors acquired land, possibly by theft or chicanery, should be able to sit pretty and watch the community adding to its value year by year." J. A. MARSHALL in the *Sussex Daily News*: "The £50,000,000 on satellite towns will be spent on building roads, factories, etc., all of which will directly or indirectly bring in a return. As this expenditure will increase the value of land such values should go to the nation and not to individuals."

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Cheques may be made payable to Wilfrid Harrison, 4, Great Smith Street, London, S.W.1. Friends in the U.S.A. and Canada can contribute through the Robert Schalkenbach Foundation, 48-50, East 69th Street, New York, in which case they should name LAND & LIBERTY and make cheques, etc., payable to the Foundation.

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