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THE VALUATION OF LAND

PREJUDICE has arisen against the taxation of land values owing to an impression that it is not to be the taxation of land values, but, in many cases, the taxation of speculative or future prices. Valuation in the past has been an unaccountable operation, producing very strange results. "Fancy" prices and rents have been asked for land. They have often had to be paid. This has suggested an easy argument to reformers. "Pay the landlords," they say, "in their own coin. If they fix the value too high for purchasers, tax them on it. If they fix the value too low for taxation, buy them out at their own figure." The principle of valuation is conspicuously absent in both cases.

Estates in the neighbourhood of growing towns are often sold or leased in small lots. For these small portions high prices or rents are obtained. There is one such estate which has frequently been cited as an example. It extends to 800 acres, 300 of which have been leased and built upon, while 500 still await development. If a builder

requires any one acre of this land, the landlord asks a ground rent of £60. Some reformers tell us that we have 500 acres here, every one of which has a capital value of £1,200, and that the landlord would be taxed on £600,000. They argue that this policy would compel him to develop. It would. But the proposal gives occasion for reasonable objection ; for it is certain that the value attributed to this area does not really exist.

Because valuation in the hands of landlords has been irregular and unfair, it is assumed that it must always be so. Nothing is more erroneous. Valuation has hitherto depended on the caprice or passions of men ; it is possible to base it on their reason. By having the right to value conferred on them landlords have been given motives to value from their own immediate point of view. Partial and one-sided valuations are inevitable. And is there much cause for wonder if this erratic policy has produced similar schemes as remedies ? The temptation to engage in a sort of punitive expedition, armed with taxation as a weapon, is attractive, but it is not business, and no Government will seriously consider it.

But an adequate valuation is necessary in the interests of business. The alienation of capital and labour from land is largely due to the manner in which land has been controlled. Excess of rent, insistence on slightly unreasonable conditions, indifference to the cultivation

or development of their land on the part of owners, prevent land, capital and labour from being properly co-ordinated. The late Lord Goschen was a shrewd and practical observer of these matters, and cautious in his judgment. Many years ago, he discussed the relation of capital and land from this point of view. He was speaking on the housing question. "No element," he said, "in the whole matter is more important than how, and at what price, sites can be obtained. The readiness to embark capital will depend on the cost of sites."¹ The same principle applies in every industrial undertaking. But in all settled countries this principle is far too little regarded. Disrespect is shown to capital; its character and requirements are not appreciated. These are modest enough, and even if some people do not consider them modest, they are necessary and unalterable. This fact remarked by Lord Goschen has been apparent to business men of every kind for generations. Capital is timid, and often hesitates before engaging in an enterprise on account of "the cost of sites." A certain amount of capital available for investment, and with it a certain amount of labour, is thrown out of opportunities for its application and left idle. Business men are offered the fatal alternatives of idle labour and capital on the one hand, or unsound enterprises on the other. By this pro-

¹ *Essays and Addresses on Economic Questions*, p. 311.

cess a constant burden is imposed on the producing community.

With the influence of this system at work, separating labour and capital from land, there can be no settled prosperity for any class. While the merchants and manufacturers of London and Manchester are preparing to satisfy an anticipated demand as great as, or greater than, last year's, their customers are being hemmed in and crippled on the farm and mineral lands and on the building areas. Farmers, builders, coal and iron masters, and with each of them several labourers, are held off or knocked out by unreasonable terms.

Within recent years capitalists and labourers have betaken themselves readily to new countries. They fear the rude and thorny obstacles of the bush and prairie less than the uncertain conditions so frequently offered by our land system at home. Attracted by the freedom, security and reward essential for a comfortable material existence, and a little more, they turn their backs on great social advantages that are less indispensable and more elusive. Perhaps no finer fruits of civilization are obtainable anywhere than in Great Britain. But men find they fail to obtain these things here, in spite of their abundance, because they miss the chance of earning a necessary livelihood more often, perhaps, than anywhere else. To walk within sight of splendid things and never be able to reach

them, or, having reached them, to be deprived of them by some downward movement in business, is less satisfactory than the more assured enjoyment of what is needful. This accounts for the strong drift of population to the British Colonies. Good men with abundant capital are there gaining access to land. They are adding to the wealth of these new countries, and increasing the value of their territory. Had they remained, they would have done the same for the land of this country. Not only with their wide areas of land, but through their wise land systems, the Colonial Governments have succeeded in adjusting the relations of capital and labour to the land.

Economic science has made the existence of certain facts and the operation of certain laws clear enough to make an improvement in economic practice possible and even easy. There is a thing called economic rent. Economists who differ on almost every other point agree on this. They define this rent generally as that part of the produce from any undertaking which remains after their accustomed returns have been reserved to the capital and labour engaged in it, the part which is normally due to land. But no serious use is made of this knowledge. Rents and prices above its economic value are frequently paid for land. When this excess is carried far enough, widespread unemployment and business depression occur. Wages, interest and rent fall.

This chronic evil in economic practice is not a feature of the landlord-tenant system alone ; it is not confined to Great Britain and Ireland. One of the most vivid descriptions of its operation is given by Henry George.¹ With an American experience, for the most part, he shows how speculation in freehold land fatally undermines industry and interrupts the steady advance of wages, interest and rent. To this speculative advance in rent he attributes the recurring industrial depressions, and there is no better treatment of the subject from the business man's point of view. The mischief which appears in the form of excessive rent in Great Britain shows itself as excessive interest with mortgaged owners in Denmark, Germany, France, and America. Slight as the evil may be in particular cases, it has a cumulative effect, the weight of which causes a general breakdown of business. With some little known exceptions, no system of land tenure is free from this disturbing element.

There is as much reason for basing the art of political economy on its science as there is for making the art of engineering obey the science of engineering. What would be the use of knowing that certain kinds of steel and bronze were the only reliable metals for the construction of ships' engines and screws, if engineers constantly allowed a fatal amount of base metal to get into the

¹ *Progress and Poverty*, Book V., chap. i.

castings? What advantage is there in knowing that the payment of economic rent and no more is an essential part of every man's business, if no use is made of this knowledge, if capitalists are frequently compelled to pay a ruinous excess? Some landlords have been careful to see that their tenants' positions rested on the payment of economic rent; others have made or allowed different arrangements. Tenant farmers have always known that this was the fundamental and decisive part of their business, but as a class they have never been able to master it, to set rent in its proper place and proportions. It periodically gets out of hand and upsets their career. Economists have known that the payment of not more than economic rent was an indispensable condition of every sound business, but, like the farmers, they have failed to express their knowledge in practice. They have not been able to induce the country or its political leaders to construct a system with this condition as one of its working parts. A skeleton framework, that is to stand too much aloof from actual life, has been set up in the Finance Act of 1909.

The valuation of land prepares the only safe path for industry. Capitalists are projecting new enterprises. They are pushing forward with a demand for land. In a community where industry secures anything like due appreciation, provision would be made to receive all

those enterprises with a respect and attention similar to that accorded to royal personages, to accommodate this demand with what it requires, to treat it at least with absolute fairness. There is no such provision to-day. The users of land in Great Britain may hold their land under five million agreements or leases. If an impartial and accurate valuation were brought alongside of all these agreements, it might be found that under more than one half of them the users of land are being treated with substantial injustice, that they are paying too much, or that they are subjected to unreasonable restrictions which prevent them from realizing the full value of the land. Old charters and monopolies hinder development and foster nuisances unprofitable to every one, thoroughfares are turned aside through the ill-considered decisions of landlords to the daily inconvenience and loss of hundreds. A national or State valuation of land, when fully worked, would search out and reveal all such cases, showing where and how far enterprise is being baffled and turned back, and how much loss is inflicted on the community.

The valuation would wait obediently on the demand for land and declare the value in strict accordance with the form and extent of this demand, just as the shoemaker shapes, or ought to shape, the shoe to the foot. It has sometimes been assumed that land would be valued and taxed according to the average value of estates,

or of some existing divisions. This would be a mistake. An estate of 500 acres may have a rental value of £1,500. This total may be composed of several kinds of value, due to different kinds of demand. There may be a building demand for 10 acres, and these may have a value of £40 per acre, or £400; 30 acres may be required for market garden purposes at £6 per acre, or £180; and the remaining 460 acres may have an agricultural value of £1 10s. per acre, or £690. The values, following the demand, might be even more minutely and variously divided. The valuation would discriminate in each case, and the tax, not distributed on each acre at the average rate of £3, would be heavy where the values are high, and light where they are low, thus securing efficiency and justice.

With the economic value of every holding picked out occupiers would know exactly how they stood, whether their economic position was sound. This knowledge would be valuable. Men unfortunately situated could endeavour to alter their position.

It may be asked why a Government valuation is necessary, and why it should be used to fix the terms on which men are to occupy land. It is obvious that the Government alone possess the means and the impartiality necessary to value every piece of land according to a uniform principle. No other agency could secure justice as between one landlord and another, or obtain

the full value and no more, as the basis on which to levy rates and taxes.

But why, it may be asked, should rents be fixed by the Government valuation? Because that valuation is the only available record of economic value, and no sound economic conditions are possible, unless the users of land are paying neither more nor less than the economic value of land. There can be no such thing as the taxation of land values under any other system. This condition may be ideal, but it is that to which economic practice must be shaped in order that reasonable success may be attained.

Rough-and-ready methods may serve in the Colonies, and, to begin with, in old countries, where a slight approach to justice in the matter of taxation is appreciated. They are intolerable as a permanent arrangement in the midst of numerous and growing interests. The valuation of land is one of the most fundamental activities in economic practice, and is subject to strict and unvarying laws. It is peculiarly and exclusively a governmental or communal function.

The interpretation of the taxation of land values by some exponents gives the impression that it is to be the taxation of the highest bids or offers. They believe that these offers represent the actual values of land, and they propose not only to use them as the basis of taxation, but suggest that they should continue to be the amounts payable as rent. They contend that

any other method of fixing values and rents is Socialism in a reprehensible sense of the word, and an interference with the liberty of individuals.

Henry George was afraid of corruption, if the State should do anything more than take the value by means of a tax. He said it was not—

“necessary that the State should bother with the letting of lands, and assume the chances of favouritism, collusion and corruption that might involve. It is not necessary that any new machinery should be created. The machinery already exists. Instead of extending it, all we have to do is to simplify and reduce it. By leaving to landowners a percentage of rent, which would probably be much less than the cost and loss involved in attempting to rent lands through State agency, and by making use of this existing machinery, we may, without jar or shock, assert the common right to land by taking rent for public purposes.”¹

Whether corruption was unusually prevalent among officials in the United States, or whether Henry George had not fully considered the practical application of his principle, this emphatic statement is out of harmony with the requirements of that principle itself, and with the results of experience. He modifies this statement in a later work, and leaves the question open.

“Whether or no,” he says, “this would prove finally the best way of obtaining for the community the full return which belongs to it is hardly at this stage worth discussing.”²

¹ *Progress and Poverty*, Bk. VIII, chap. ii.

² *Social Problems*, chap. xix.

Every scheme for the taxation of land values has made necessary the creation of some new machinery, and in Great Britain it is a vast piece of machinery, which is destined to become greater and more important every year. Nothing is more interesting than to watch this valuation of land unfolding itself in its true nature in the hands of British politicians. Nothing has been the subject of keener criticism on the part of men inside and outside of Parliament. Mr. Lloyd George, the present Chancellor of the Exchequer, and Mr. Austen Chamberlain, the late Chancellor, are practical and matter-of-fact men. They are not theorists, but this problem was brought somewhat nearer solution in their discussion of it in the House of Commons.¹ Not only has the valuation of land been recognized as a function of the Government, but it was agreed that this Government valuation should be subjected to a critical review by a commission representing the

¹ Mr. Lloyd George, speaking on December 13, 1911, said: "The right hon. gentleman (Mr. Austen Chamberlain) suggested that the time has come for an inquiry (into the valuation). I am not closing my mind to the question of an inquiry. You must have an inquiry sooner or later. . . . I am not going to predict what would happen. . . ."

Mr. Austen Chamberlain: "We will risk the result. What we want to know is whether the valuation is just."

Mr. Lloyd George: "That is very important. It is of first-class importance that you should have a valuation which will command the general confidence of the community. I do not mean merely the partisans on either side. You ought to have a valuation which will satisfy the general sense of fair play and justice. That is very important, and it is desirable at a fairly early stage to have an inquiry into the way in which the valuation has proceeded." Hansard, vol. 32, No. 167.

community, so that, in the words of Mr. Lloyd George, we may have "a valuation which will command the general confidence of the community . . . which will satisfy the general sense of fair play and justice."

There can be no mistake about the character of this valuation. The highest bids, the landlords' or tenants' estimates, are revised by the Government, and the Government's valuation is to be revised by a commission, and the result will be a sort of doubly distilled, communal product. One commission of inquiry is proposed, but the quickened interest of landlords and tenants is likely to render thousands of a more local and particular kind necessary. All the elements to bring this about are present in the situation. This valuation is to provide the measure or standard of payment by landowners to the State. The provision has awakened their determination to shape that valuation as far as possible.

Their behaviour in this case illustrates the working of economic laws. When the edge of valuation is turned towards them, and looks as if it might cut into their wealth, they appeal for a just valuation to an impartial tribunal. With their immediate and salutary interest in politics, they have also enough influence to make this request successful. For centuries valuation has been in the hands of landowners with its edge turned towards the tenants. It has cut and bitten deeply into their subsistence. They have

made frequent appeals, and the hard lot of a vast number of them has been an eloquent and moving plea for a fair valuation. They have hardly ever succeeded, because their economic position was too weak, and their influence in politics too slight. The history of agriculture in Great Britain and Ireland, and the history of house-building in London and throughout the country, are largely records of ineffectual appeals against unjust valuation and unfair leasehold conditions. To permit landlords on any ground whatever to use what is universally known to be an unjust valuation in requiring payment from tenants, while they repudiate such a valuation as between the Government and themselves, is unsportsmanlike, unbusinesslike and unjust.

Mr. Lloyd George has declared that the payment of land value by the landowners to the State is to be determined by the "general confidence of the community—the general sense of fair play and justice." This means nothing more or less than that the Chancellor of the Exchequer has discovered the scientific basis of valuation, and that he is going to use it. Such a statement, from such a quarter, is significant and full of promise for the future welfare of the country. It is of immediate importance as a precedent for adopting the same principle to determine the payment of land value by the tenants, either to the landlords or to the State. If all Mr. Lloyd George's repeated emphasis of the urgent necessity

for a just valuation to fix the payment of land value by the landowners is justified—and we believe it is—how much more justifiable is it in the case of the users of land? For too many of them over-valuation and over-payment are not problematical, but actual and of long standing. They have urged their case long enough and respectfully enough, and the Government may with good grace concede their oft-repeated and unheeded demands before another depression forces a concession through the weight of misery and suffering.

Such a policy may be advocated from prepossession rather than derived from consideration of principles and facts. In the present case, however, our prejudice has been on the other side. But it has always been difficult to defend Henry George's proposal to put new wine into old bottles. If the value of land belongs to the community, the management of this value also belongs to it. The community has the right to reject and remove everything hostile to the growth of land value, and to make every arrangement consistent with its increase. In no closely settled country is the individual allowed to do with the land what he thinks will bring him most profit, or even what he thinks will be best for the public interest. This is the function of the latter. The community itself has an acknowledged right to protect in many particulars the amenity of the district under its charge, and the amenity of a district

is only one form of its land value. Thus, the introduction of a new principle in the separate valuation of land by the Government, and its direct taxation, are causing old institutions to crumble and new ones to grow. Nothing can stop this process. It is a gravitation towards justice. The taxation of land values carries with it a Government valuation of land. The Government valuation evokes the active interest and criticism of the landowners. Their activity opens the doors and invites or necessitates the interest of all other parties to produce an all-round, representative valuation. No one can say when the machinery for this purpose will be full-grown. When local men have their voice in valuing local land, the valuation will really express "the general sense of fair play and justice." And before this valuation all others will disappear.

The institution in which the highest bidder and landlord have the final words in fixing the rent is threatened. In Scotland it has now largely gone under the Small Landholders Act (1911). Objection is taken to this as an interference with individual liberty. But this liberty only gives the individual the right to break an economic law, to bind himself by an agreement to pay more than economic value, to displace some one who is probably the suitable tenant, to deplete his own capital, deteriorate the land and reduce its rent-bearing capacity. On the best-managed estates the system of accepting the highest bidder has

long been discarded, and the landlord or his agent selects the tenant who, in his opinion, is the most likely to develop the land in the soundest manner. But these estates are too rare. Since the beginning of the nineteenth century, Royal Commissions and Select Committees to inquire into agricultural distress have been very frequent. One story has been told before them all. Prices fell and bad seasons came, and farmers were crushed between the nether millstone of high and stationary rents and the upper millstone of falling prices.

There were wise landlords who reduced their rents and saved the tenants ; there were others who defied and violated every principle of valuation, and waged disastrous war on them. One quotation may be given from evidence submitted to the Select Committee of 1836. Mr. John Houghton, a land agent in eight of the southern and eastern counties of England, was asked if the landlords had not given reductions, even when farmers were bound by their leases to pay certain amounts. "That very much depends on circumstances," he replied. "I have known instances where landlords have acted very liberally towards their tenants, and I have also known instances where there have been acts of great oppression."

These are the instances which must be got rid of, because they are sufficient to cause every kind of injury, not only to those immediately affected,

but to industry as a whole. One remedy for this evil is a tax on land values, to open up all land, and reduce the number of competitors for every opportunity. But this would not eliminate the excess of the highest bids over economic value. Men are not only pressed by necessity to offer too high rents ; they are drawn by ambition and young hopefulness, misguided by inexperience and pushed by individual motives. It is true that there must be free competition ; but, when this argument is used, it is generally assumed that the only and final tests of candidates are their immediate money offers. The principle is obviously defective. Competitors have other points whose value must be estimated before the award is given. The community's view must be long and wide enough to measure the capacities of the bidders to utilize the opportunity in question, and to play their proper part in maintaining its value and that of the neighbourhood in which it is situated, and neither bidder nor landlord should be the final interpreter of the community's view in this matter. Valuation by either of these parties is almost a contradiction in terms ; for the impartial play of the reason which alone can measure value is inevitably disturbed by personal motives in either case.

Lord Londonderry, speaking on the agricultural depression, at the Darlington Chamber of Agriculture, on December 28, 1894, impugned the present system.

"It was not," he said, "to the advantage of the landlord to possess a tenant who attempted to pay a higher rent than he could afford. The landlord did not fix the rent. It was fixed by competition. When some men who had not been brought up to agriculture, who had not studied the question from a practical point of view, offered rents that they were absolutely unable to pay, and which the land was incapable of producing, it was dangerous to all concerned. He could not help thinking that, to a great extent, the root of the present evil was to be found in the offering of competition rents which the land was unable to bear."

It is incorrect to say that the landlord does not fix the rent. The final verdict has always been with him. Just as the Government fixes the valuation on which the landlords are to pay under the Finance Act, so have the landlords fixed the rent for their tenants. Competition is the basis of both results, but for the Government valuation there is a power of revision which expels the dangerous and unsound element, and too great care cannot be taken to see that this is done in each case.¹

¹ In the *Quarterly Journal of Economics* for November, 1910, the following interesting account and criticism of what is known in the United States as the Somers system of valuation are given: "The valuation of the units is arrived at in the following manner. The City Appraisal Board of Cleveland estimates tentatively the unit values of the various streets, beginning at the public square and working out in every direction to the corporation limits. By means of maps and a campaign of publicity in the city newspapers, these tentative valuations are scattered broadcast, and the community is invited to discuss them. At a series of public meetings of the Board, section after section is covered, many parts

Some reformers argue that the economic value of land cannot be ascertained to-day, that a fair rent cannot be fixed, because land is withheld from use, and economic conditions are generally unsound. But the elements of economic science are never destroyed by a breach of economic laws, any more than the elements of physics are destroyed in a railway collision, or in the fall of a building. Experienced valuers can measure the demand for land, and its worth in money, to-day as accurately as ever they will measure it. That demand is less than it would be under free conditions, but, however it may alter, the art of measuring or valuing it is always the same. There are restrictions on the use of land which obstruct the free course of demand, and are unreasonable from the community's point of view. When the valuer after consulting local opinion had decided that restrictions were unreasonable, they would be

being gone over several times until all interested persons are given ample opportunity to appear before the Board and submit evidence in favour of changing the tentative unit values. After being thoroughly debated by the public in this manner, the unit values finally agreed to by the majority are regarded as representing the consensus of opinion. These unit values are confirmed by the Board, and are not open to further discussion. . . .

"Though this scheme probably has some imperfections, it is undoubtedly the most scientific, elaborate and systematic system of valuing real estate that has ever been used in the United States. There could be little objection to its theoretical basis, community opinion. Some doubt may exist as to the accuracy with which community opinion has been translated into actual values by the various tables and other devices of the present system. These must faithfully represent the best informed community opinion."

removed, and capitalists and labourers would then be allowed to express their demand freely. On the same principle, and with the same object of maintaining the value of land, reasonable restrictions would be imposed, and with demand operating on this basis its measurement would be simple and absolutely certain.

To be useful, the valuations should be frequent. In the Province of the Punjab, India, the system of assessing the value of agricultural land every year, or even twice a year, is adopted. There are advantages and disadvantages attached to the system.¹ Remarkable progress has been made in improving Indian conditions by means of valuation.²

When Mr. Lloyd George proposes to base the valuation on "the general confidence of the

¹ "Whether the advantages outweigh the disadvantages or not is a matter that may safely be left to the judgment of the peasants who have tried both plans; and the success of the system may be judged from the fact that, of the thousands of villages whose land revenue is now assessed harvest by harvest in this manner, hardly one would willingly give it up, and revert to that of a fixed average assessment. The system has also the indirect advantage of bringing the superior revenue officials into close contact with the villagers; and, above all, it makes the Government share directly and immediately with each individual cultivator in his losses as well as in his profits, and so avoids the odium of a seemingly callous realization of a fixed demand from poor peasants in years when their crops have failed. More than a sixth of the total land revenue demand of the Province is now collected under this system of fluctuating assessment, and it is becoming common for villagers to ask to have its benefits extended to them."—Sir James Wilson in the *Journal of the East India Association*, July, 1910.

² *Imperial Gazetteer of India*, vol. iv., chap. viii.

community—the general sense of fair play and justice,” he is referring his policy to the soundest business principle, although his statement may seem to have more of a moral significance. Wherever this principle has been followed even a little way, the results have been universally approved.

In 1886 a measure of valuation was passed in the Crofters Act of Scotland. For many years previous to that time landlordism had assumed its most aggressive and hostile attitude towards the small farmers. They were arbitrarily evicted from their holdings, and oppressed by excessive rents. They resisted these injustices ; riots took place, and were only partially quelled by force. Under the Crofters Act, security of tenure was granted, and rents were revised by an impartial tribunal. In seven counties of the north and west of Scotland to which this system applies, 21,368 holdings have been revalued. The total reduction of rent has been £21,914, or just over £1 per holding ; arrears amounting to £124,806, or less than £6 per holding, have been cancelled. The result has been gratifying beyond expectation. On an extremely inadequate basis of land in most cases, but with this simple infusion of justice into the conditions of their tenure, the crofters or small farmers have steadily prospered. The majority of them have built new houses, improved their land, and saved substantial sums of money. Now, when the shooting tenants go north, they are

amazed at the change in the crofters' conditions.¹

There is no case where such a slight and inexpensive reform has produced such sound and abundant fruit. In 1886, the plight of these crofters resembled that of a fleet that had been defeated and scattered at sea, and afterwards driven ashore by a storm. Their homes are still dotted here and there on the tiny, and often barren, plots they were able to retain in the teeth of aggression. But they have largely repaired the damage to their interests, and are now ready to venture into larger holdings. This opportunity has been given them under the Small Landholders Act (1911), which extends the principle of security and valuation to farms of 50 acres and under, or £50 rent and under, throughout the whole of Scotland. The reform has commended itself to the landlords and agents as well as to the crofters. "I was opposed to the Act in 1886," said the owner of a large Highland estate to one of its supporters ten years later. "I was opposed to the Act. I have changed my mind now. I had the name of getting rents before, but did not get them. Now I know what I am going to get, and get it." Every one is better off under the new system.

There is no class of land users in a more sound

¹ "The Ross-shire Crofters' Club Show was held at Tain yesterday, when there was an increase in the entries on last year's show. The quality of stock in all departments was reasonably high, particularly in horses and cattle, which were a revelation to large numbers of southerners who are tenants of shootings in the district, and who were present in the show-yard during the day."—*Glasgow Herald*, August 9, 1911.

economic position than these small holders in the Highlands of Scotland. Security of tenure and a just valuation for the payment of rent and rates have enabled them to become independent, and to free themselves from poverty and its fear, and this without imposing any strain on the financial resources of the State, and without permitting or encouraging the farmers to involve themselves in mortgages, the fatal principle of Danish, German and French small ownership. On these too narrow and inadequate plots of land, a fine and intelligent race of men has been produced under this system. How much more would it do with holdings of sufficient size, in the fertile lands of the south, and in the towns and cities !

The long leasehold tenure in London has proved as injurious to tenants and to the community as anything in the agricultural districts. So long ago as 1885, the present Lord Chancellor (Lord Loreburn) wrote a book, in collaboration with Mr. Henry Broadhurst, M.P., strongly condemning the system. "The public requirements," he concluded, after advancing arguments from many points of view, "the public requirements demand that there should be an end of this leasehold system."¹ Still it persists, and is the object of attack by the President of the Auctioneers' Institute in his annual address:—

"The 'dead hand' of covenants," says Mr. John Marks, "which were out of accord with current

¹ *Leasehold Enfranchisement*, p. 103.

requirements, lay heavily upon London. Properties which were originally developed residentially, but had long since been either within the commercial area, or had ceased to be suitable for housing, were still subject to onerous restrictions, which prevented the proper user of building or sites."¹

The leasehold system places rigid arrangements in the midst of constantly changing conditions. A lease which stands in the way of development, which keeps antiquated and inferior buildings on a site for years, deprives the lessor, the lessee and the community of their respective shares in the larger production which is possible. It is thus that the valuable land of London is blighted, that the builders and houseowners are hampered and over-rented as seriously as the peasants of Ireland and Scotland were. The evil is the same everywhere, and every one is injured.

As the evil is one, so is the remedy. What the Scottish crofters have obtained is all that the tenants of building land, of farms, of mines and quarries, require. Secure tenure under reasonable conditions, freedom to develop sites as changes arise, a valuation as flexible as water, responsive to every influence which affects the value of land, would do much to ward off business depression.

¹ *Presidential Address of the Auctioneers' Institute*, October 20, 1911.