

land and another and to prevent the evasion that such inequalities inevitably give rise to. In fact to secure equality of treatment as between one owner and another the tax would have to be transformed into one levied at regular intervals according to a valuation made at such intervals. Even so the tax would not fully attain its object. Up to the time of the first assessment the owner could reap the increased value in the shape of rent. When the first assessment comes to be made, the selling value will be depressed by reason of the liability to tax at each period of assessment. Part of the increased value will not be reflected in the selling value and will so escape taxation. In course of time and in the play of social changes which may raise land values in one district and lower them in another, the incidence of a tax related to an arbitrary basic date will become more and more uneven.

The truth is that there is no argument which will justify taxing an increase in land value which will not justify taxing the whole land value. It is all due to the

community. One of the worst features of land speculation is when land is bought not for use, but for resale, and is kept unused or inadequately used in the meantime. The most effective way of dealing with this is to levy an annual rate or tax on the whole land value. Even a moderate application of this policy will severely discourage the holding of land out of use, and will tend to keep land values at a normal level.

In the economics of land value the fundamental concept is rent, that is to say the annual value of the land itself, disregarding the value of the improvements. Selling value is merely the capitalized value of the expected future rents. What is needed is an annual tax which will divert rent to the community. This is the effectual means of preventing speculation, of restoring to the community the value which it gives to land, and of relieving buildings and improvements from the taxation which now falls upon them and increases the cost of house room and of other accommodation.

"BRITAIN'S" FARMING—NEW RURAL RIDES

IN TWO articles in the *Daily Telegraph* of 9th and 15th October Mr J. Wentworth Day describes how he has emulated William Cobbett by going on tour through eight counties making a survey of agricultural conditions. These articles have pride of place on the leader page, each being of three columns and 2,000 words. But through them all there is no mention of Rent, the very word being absent. In the first article on 9th October Mr Day says: "From all this there emerge certain present-day facts and four major problems which stand out like lighthouses. They are the four factors which will govern the immediate future of farming. They will determine the long-term future of land ownership and land cultivation. Those four points are (a) wages, (b) prices, (c) soil fertility and (d) excess profits tax on farming profits." No mention here of any payment for the mere permission to use the soil, that is, of what is the first charge and the fundamental basis of all farming economy, namely, Rent.

There is, however, much fine imaginative writing regarding countryside conditions, not omitting reference to the farm labourers, "the men who drive the tractors, guide the plough horses, milk the cows, reap and bind, stack and thresh." When it comes to the payment of these workers we read that no farmer grudges them a decent living wage. All would like to see them earn more money. Mr Day has not met any farmer who pays less than 48s a week. As this is generally the legal minimum it seems hardly likely that he would. But he goes on to say: "With one exception, all face the prospect of having to pay 60s a week with serious forebodings. Those forebodings are based on the fact that present prices of wheat do not keep up with the present increases in wages, and certainly not with the proposed increase." Here is what appears to be a hint that wheat prices will have to be raised to the consumer, or be subsidized by the taxpayer. In either case the consumer and taxpayer have the right to be given a more complete picture of farming finances than that given by Mr Day in omitting all reference to what the landowner takes out of the business.

In discussing the tax on farming profits Mr Day tells a sad tale of the poor farmers, many of whom live on their capital and others have to borrow. "Some have jobbed off odd bits of land for arterial roads, bungalows, villas, bathing hits, or sand and gravel." Thus Mr Day confuses the business of the cultivation of the soil with that of selling land at a profit, which

the pages of *Land & Liberty* have so often described. "They," says Mr Day, not defining whether "they" are the farmers as such, or the vendors of profitable land, "they have had to live as best they could, a miserable, hazardous, scrape-ha'penny existence." Then we have a reference to farm buildings. "There was no money for a new roof on the barn. That is why we saw derelict farms, roofless buildings and tumble-down cart-sheds all over rural England before the war." No mention in these articles of the obvious causation of these ills, the amount of money taken out of farming in the form of rent or price of land and never restored to it.

In the second article, 15th October, Mr Day's chief subject is the Fordson Farming Estate, near Chelmsford. Under the direction of Lord Perry, managing director of the Ford Company, this estate is showing what can be done on the land under present conditions but without being tied to tradition. Mr Day blames Lord Perry for disparking the ancient deer park and cutting down old elms and ancient oaks, and for turning an eclectic Adam house into an agricultural college for boys to learn the most ancient craft. "But," says Mr Day, "he is to be praised for having put 3,000 acres of indifferently farmed Essex land into the highest cultivation I have yet seen outside individual enterprise."

Fordson Estates is a limited company operating on a profit sharing basis. "It is a shop window for Mr Ford's agricultural machinery." Mr Day does not know what to make of it, but admits: "As a practical man who wants to see the most food produced with the greatest efficiency I was astonished."

"It includes 450 acres of wheat, 250 acres of orchards, 200 acres of barley, 150 acres of sugar beet, 150 acres of oats, 150 acres of potatoes, 250 acres of sprouts, 250 acres of peas, 150 acres of clover seeds, 40 acres of flax, 12 acres of onions, 20 acres of cauliflowers, 20 acres of runner beans, and about 200 acres of grasslands." More than 1,000 cricket bat willows have been planted. There are cattle, sheep and pigs, and Mr Day says he could "multiply the convincing, uninteresting details." "This factory farming," says he, "does not impress me. It is magnificent but unlovely. It succeeds, by virtue of its particular constitution, in paying its workers a bonus which has varied from rather over £100 a year—and this to a boy who normally earned about 26s a week—up to more than £380 paid to a skilled farm worker whose average

weekly earnings were £4 10s a week. Is this practical farming sense?" That is what Mr Day asks.

Others, remembering the opposition of farmers to a minimum wage of £3 a week will ask why the Fordson system cannot be extended. What stands in the way? Lord Perry believes, so we read, that the ideal size for a farm is 400 acres. Each of his farms is managed by a working foreman who is paid £5 a week. Mr Day may well ask: "Would such a man earn more as the tenant of a 400-acre farm operating it with reasonable capital and a reasonable hope of decent prices?"

In view of the good wages on the Fordson Estates it cannot be the wage difficulty that stands in the way. Mr Day's supposed "tenant" implies a landlord, and perhaps Mr Day might derive some further facts by a reference to the question of what are the rents of 400-acre farms and other sized holdings. We shall watch for further results of Mr Day's itinerary with interest, but he should have the courage to ascertain from some of the "great landowners" he has talked with what is the proportion of the crop the tiller of the soil has to forfeit in rent for being allowed to work on the land.

THE CALIFORNIA IRRIGATION DISTRICT ACT

How it Encourages Production and Stops Speculation

By J. Rupert Mason

THE PRIMARY object of the California Legislature in enacting this epochal Statute in 1887 was to enable the State to conserve water needed for the irrigation of its arid and semi-arid valleys, and for domestic purposes by the people and animals.

The method established to finance the cost of the necessary storage dams, water rights and extensive system of canals and pipes to distribute the water was originally to empower each district to levy and collect unlimited *ad-valorem* taxes or assessments on all land and improvements. But, experience with land speculators, who would neither sell nor improve, brought a basic amendment to the law in 1909, which permitted the Districts to exempt completely from taxation all buildings, planted trees, vineyards, and live stock of every kind. The Districts already created, soon voted to take advantage of this amendment, and the 100 Districts, serving some four million acres of the richest and most attractive irrigated orchards, vegetable gardens, vineyards, etc., all exempt buildings and improvements of every sort from taxes to-day, and are all strong supporters of that system.

Their revenues are derived mainly from a tax on the rental value of the land, both rural and urban. Thus, they never take anything from the land user, as user, but only from what would *otherwise* go to an owner, as owner. There is no limit on the amount of this rental value the District can take, nor the number of years it can collect a tax on the rental value.

The purpose of this 1909 amendment is to make certain that those who work and improve their land will never be required to pay more towards the expenses of the District than the absentee speculator, holding land of the same value idle and unimproved. Thus, every land holder in one of these Districts is taxed, not according to "ability to pay," nor what each produces, but only in just proportion to the rental value of the land he has the deed to. In this way, the equitable distribution of all earned wealth, is assured.

Voting is not restricted to those holding a title deed to land, although attempts have often been made to get the law changed, so that only landowners could vote. That any important statute, so completely democratic as this one is, has been the object of repeated and implacable assaults, goes without saying.

"It is communism and confiscation under guise of law," was argued before the U.S. Supreme Court in 1895 by Mr. Geo. H. Maxwell, as counsel for an English estate with land in San Diego County. The sweeping language employed by the Court in approving the constitutionality of this statute is well worth reading. (Fallbrook, I.D. v. Bradley, 164 U.S. 112.)

But the forces of monopoly and privilege with title deeds to vast holdings of land were not long faced by

this ruling by our highest court. There have been few periods since, when this statute has not been under attack, or the attempt was not being made to amend and weaken it, from the standpoint of the common good.

Summarizing, each District created under this Act is decreed an "Agency of the State," with all its functions "exclusively governmental," and all its properties, including the full rental value, present and future, of all its land, no matter how acquired or used, dedicated as a "Public Trust" for the "uses and purposes of the Act," and because its properties are all "owned by the State," they are not subject to partition, execution or even to taxation.

The full text of this Act and citations of court decrees are contained in Bulletin No. 18-F, issued by Supervisor of Documents, Sacramento, Calif.

BARBADOS

IN THE *Barbados Advocate* of 15th August, Mr L. S. Wilson has a four-column letter, "A Million Dollar Sacrifice," protesting against a proposal to hand over the exploitation of natural gas in the island to a private company. "Now that what to us is practically the last natural monopoly is to be developed," he writes, "there can be no question that the entire development of this product should be prosecuted by the Government in the full interests of every citizen. Tens of thousands of pounds are either being exported annually out of the island, or remaining in the island by way of dividends to resident shareholders, which large sums should either go to a reduction in the cost of the various services or be used for the public development of the island in other ways. . . . Will the House of Assembly rise to the occasion for once? Will the House preserve to the whole populace what indefeasibly belongs to the whole populace whom they have been elected to serve faithfully and well? Or will it make a dazzling present to some few magnates, most of all perhaps being absentees, of a possible million pounds sterling or more? In regard to the money value of the giving away of the natural rights of the entire populace this can only be estimated, any sum could be named, for the very good reason that there is nothing in the Bill as it stands limiting the business of the Company to any number of years. To a lay mind, like mine, it appears that once in possession of the monopoly they want the Company will be entitled to reap all present and future increasing benefits for ever and after."

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