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Parliamentary Debates on Land Speculation — Agricultural Subsidies  
Adding to Land Values — The Atlantic Charter — Land Value  
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## HOW TO PREVENT LAND SPECULATION

A REMARKABLE volume of protest against land speculation came from members of all political parties during the passage of the Agriculture (Miscellaneous Provisions) Bill through the House of Commons. This is significant. It means that land speculation is already taking place, and it means a changed outlook when conservatives and landowners condemn it.

The Minister of Agriculture was correct in saying that the actual amendment proposed would have been unworkable. An increase in the value of a particular plot of land cannot be measured by reference to the average value (if that could be defined!) of other plots of land in the neighbourhood. It could also have been said that speculation is not confined to agricultural land, and therefore any proposal for dealing with it should apply generally.

The debate was on the whole confined to generalities. The speakers united in their dislike of anyone being able to buy land and then sell it again at a higher price without himself having done anything to make it more valuable. It was a natural, instinctive, and just reaction to the idea that the man who profits from increase of land values profits from the necessities or abilities of his fellows. But that is true in all cases. Every increase in land values is an increase which has not been earned by the owner of land; and as all land was originally worth nothing, the whole of the present value is an unearned value—unearned by the owner, but earned by the community. There is no point, therefore, at which a line can be drawn, and where we can say the value that accrues beyond it is unearned and what accrued before was earned.

The fact that the value of land cannot be divided into sections of different merit and origin becomes all the clearer when we realize that the value is entirely dependent upon the future return which the land is expected to yield. What it has yielded in the past or what price has been paid for it in the past is irrelevant to its present value; that is related only to the future.

It follows that if the price of land increases, it is because more rent is expected from it.

All this has a very important bearing upon the remedy for land speculation. The idea which was embodied in the amendment and which seemed to underly the debate was that owners of land should be prevented from selling land at a price higher than the value it had at some previous fixed date. But to prevent the owner from realizing the value by sale, does not prevent the increase of value from taking place nor the owner from profiting by it. He can always obtain the value

by increasing the rent, or even if that were prevented by working the land himself. In any case it makes no difference to the community at large whether one individual or another profits by the increased value. If the owner were prevented both from raising the rent and from getting rid of the tenant, all that would happen would be that the tenant would gain by any increase in value and would in effect become a part owner. This is an event which we see happen over and over again, especially in urban leases which are usually made for long periods at fixed rents, and still more so in those cases where land is let in perpetuity at a fixed rent (as is common in Scotland).

To prevent sales of land is no remedy. All it does is to restrict the ownership of land to the individuals who happen to be owners at a certain date, and to those who succeed them on their death. It perpetuates the institution of a privileged and exclusive landowning aristocracy.

Neither is it possible to prevent increase in the value of land, the expectation of which is the moving force in causing speculation.

The only thing which is possible is to take the land value for the community whose activities and necessities have created it. If that is done, there is no point in prohibiting either sales or leases of land. On the contrary such transactions would then only ensure that the land goes into the possession of those who want it for use, not to draw rent from it or to hold it for future increase in value.

There remains the question of method. Those who accept the argument to this point frequently consider that the requirements of justice will be met by obliging the owner to pay over to the state some or all of the increase in value when he sells the land over the value at some specified date. An increment tax of this kind is extremely irregular and unsatisfactory in its incidence. In the first place there is nothing to compel the owner to sell his land. He can obtain the increase in value by letting it to another or by working it himself. In order to meet this difficulty it may be provided that the passing of the land on death shall be treated as a sale. Then there is land owned by companies and corporations which never die and which may never sell. To meet this it may be provided that the land belonging to such bodies shall be assessed at fixed intervals of time and any increase in value made subject to tax. It will thus be seen that increment taxation which sets out to catch increased values actually realized by sale of land has to be much extended in order to prevent gross inequalities as between one owner of

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 dispersing 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