LAND NATIONALIZATION AND LAND TAXATION

BY
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and Land Taxation
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Preface to the Second Edition

The first edition of this little volume was written in 1892, and the preface to that edition sufficiently explained the general attitude of the writer at that time. In the interval many of his opinions have doubtless undergone modification, but he must confess to a feeling of pleasure in finding that he has little to retract. On the contrary, a larger experience has confirmed many views previously advocated on a priori grounds alone, and those views have in several cases now been endorsed by responsible authorities. As an example may be mentioned the question of "betterment." Fourteen years ago the London County Council was keenly anxious to establish a new tax, called a "betterment" tax, to be levied on all property that was enhanced in value by a street improvement. It seemed to the present writer, largely on a priori grounds, that this scheme was unsound, and several pages of the first edition of this book were devoted to urging that the "betterment" idea should be dropped, and that the Council should recoup itself for the cost of street improvements by buying up a wide margin of surplus land, and selling it again, or letting it on lease, when the improvement was complete. After wasting much valuable time, and after spending many thousand pounds of the ratepayers' money in promoting Bills in Parliament, the London County Council has now virtually abandoned the whole idea of "betterment," having tardily discovered that the method of recoupment is both easier of application and more fruitful in results. In a letter to the *Times* of 29th April 1905, Mr. Shaw Lefevre (now Lord Eversley) describes the working of the recoupment method in the Holborn and Strand Improvement Scheme. This is the great scheme that the Council for eight or nine years refused to undertake, unless it received power to impose a betterment tax. In the letter referred to, Mr. Shaw Lefevre shows that, whereas the original scheme proposed by the Council, in connection with a betterment tax, would have involved a heavy charge upon the ratepayers, the scheme finally adopted on the recoupment principle is calculated to yield an annual net profit to the ratepayers of about £3,000 a year.

Another point on which the present writer ventured in 1892 to differ from what then was an accepted article of faith among persons

claiming to be progressive, is the question of mining royalties. In the first edition of this book it was urged that more importance had been attached to the question of mining royalties than the subject deserved, and that the proposal to abolish these royalties was neither equitable nor practicable. These views were fully confirmed by the Report of the Royal Commission on Mining Royalties published a year later, and political agitation upon the subject has practically ceased.

On the connected question of the taxation of land values, the present writer still has the misfortune to find himself—as he is presumptuous enough to think—in advance of current Liberal opinion. Here again, however, he has the satisfaction of knowing that the views which he expressed in 1892 were almost entirely confirmed after prolonged inquiry both by the majority and by the minority Report of the Royal Commission on local taxation. The material furnished by these reports has made it possible greatly to strengthen the chapters dealing with proposals for the taxation of land values.

Another matter which deserves passing reference is the housing policy of the London County Council. In its earlier days the Council took up, with a burst of enthusiasm, a scheme for building workmen's dwellings on a site in Bethnal Green. This scheme was attacked in the 1892 edition of this book on the ground that it was folly to build dwellings on a site that could command a much higher rent for warehouses and shops. After many costly experiments, the London County Council seems to have come round to this view, and is now confining its building operations almost entirely to suburban sites, where land can be bought for a moderate price, and where the tenants of the Council can obtain sufficient air and space for healthy human life.

These points, in which events have justified opinions expressed fourteen years ago, are not raked up for the mere pleasure of saying "I told you so," but because they illustrate the value of applying abstract reasoning to political problems. This is a process for which Englishmen are said to have a profound dislike; yet ultimately it is a process from which they cannot escape. In the long run the despised laws of logic have to be obeyed, and therefore we only waste time by attempting to solve any problem without the aid of abstract reasoning. This does not, of course, mean that facts are of no account. Facts

are the material upon which reason works. They are things to be conscientiously studied, under the searchlight of abstract reason, not things to be piled in a corner for use as controversial brickbats. This truth was constantly forced upon the attention of the present writer during the recent Free Trade controversy. The facts and figures hurled by the two sides at one another during that controversy proved nothing. The commercial life of a great nation is so complex that one set of facts and figures can always be balanced by another set, so that the truth can only be discovered by going back to first principles. The doctrine of Free Trade is true, not because the Board of Trade returns say this or that, but because the doctrine can be deduced by strict process of logic from elementary and fundamental propositions which all the world accepts.

Apart from the changes necessitated in the treatment of these controversial subjects, other changes in the present edition have been rendered necessary by intervening legislation. For example, several pages were devoted in the earlier edition to the advocacy of the equalization of the Death Duties on real and personal property. This great reform was accomplished by Sir William Harcourt in 1894, and the reproduction of arguments in support of it is unnecessary. A good many changes have also been made in the historical chapters, in the light of more recent research. In this connection the thanks of the writer are specially due to Mr. H. W. Clemesha for many useful criticisms and suggestions both upon this and upon other chapters.

The reform, most strongly urged in the earlier edition, was such a modification of the landowner's rights as would secure to every well-behaved person freedom to roam over uncultivated land. That reform is also strongly advocated in the present edition. In addition stress is laid upon a proposal that is forced into prominence the moment the question of land taxation is discussed, namely the establishment of a graduated income-tax which would apply to all classes in the community, so that even the poorest person may make some direct contribution, however small, to the service of the State. In the chapter dealing with this subject, the administrative and financial advantages of this reform are considered at length.

These advantages, however, are of far less importance than the effect which would be produced on the character of the electorate, and consequently on the character of the Government. We are trying in

this country—and wisely trying— to establish a truly democratic Government. We shall not succeed unless the democracy is made conscious of its responsibilities. At present that consciousness barely exists. The parliamentary franchise is now possessed by almost every adult male, yet an enormous number of voters take not the slightest interest in the questions submitted to them for decision, and hundreds refuse at every election to go to the poll unless they are conveyed in motor cars. There is even good reason to fear that actual bribery, with hard cash, still prevails to a very large extent. If democracy is to be a success it is essential that every voter should regard his or her vote as a privilege to be paid for, not as a right to be sold. Unless this vital principle can be secured it is certain that, though democracy may continue to exist in form, it will never exist in substance. It will be cajoled by aristocracy or purchased by plutocracy. That is why those who are thinking of the future of their country, and not of this or that ephemeral project, will concentrate attention on the creation of some direct link between the exercise of civic power and the discharge of civic obligations.

H. C.

Clays Inn, September 1906

Preface to the First Edition

The present volume does not profess to be complete. The writer started with a bias in favour of land nationalization, but at the outset of his work was obliged to recognize that no well-thought-out scheme had yet been presented to the public, and that many professed land nationalizers grounded their faith on arguments historically or economically unsound. It seemed then to him that the most important thing to be done from every point of view was to attack these mistakes;—no cause however good can make headway as long as it is encumbered by arguments that will not bear examination. Incidentally, various proposals for the reform of local taxation have been considered, and an alternative reform suggested. On the general question, the writer has limited his own initiative to a few suggestions. Underlying all of them are two main propositions—that our first steps towards land nationalization should be experimental, and that meanwhile we should improve to the uttermost the present system of individual ownership. Among the reforms suggested, the one on which the writer lays most stress, is the demand that the landowner's present power of exclusion should be so restricted that the unoffending public may enjoy the Right to Roam over all uncultivated land.

H. C.
I Field Court
July 1892, R V.

Chapter I.
Introduction.

As a vague ideal, land nationalization seemed a few years ago to be rapidly growing in popularity. The unrestful spirits among us—radicals, socialists, and other disturbers of the public peace—either captivated by the simplicity of Mr. Henry George's theories, or painfully seeking for some definite aid to labourer and to farmer, turned their eyes hopefully to the suggestion that the nation should possess her own soil. Indeed many persons are still so hopeful of this suggestion, that they believe it to contain a panacea for all the social difficulties that perplex the community. And though such a demand on our faith is certainly a large one, it is less absurd than it sounds at first hearing. For the use of land is as essential to human life as the use of air. At the very least each individual must have space enough to stand upon. Yet nine out of every ten Englishmen have no independent right to the use of any scrap of land beyond the limited area which has been dedicated to the public for specific purposes. They can neither work nor play nor sleep without a previous permit, and this permit must be obtained from individuals who are presumed by the laws of the country to exercise their powers in their own private interest, and not in the interest of the community.

Thus baldly stated the system of private property in land appears, on the face of it, to involve such a terrible incubus upon human enjoyment and human freedom, that the hopeful may be excused for dreaming that universal happiness would follow the removal of the system. In practice, however, private property in land is not so terrible, even in England, as the strict legal theory would justify one in believing. At every turn the crude severity of the system is mitigated by various arrangements, legal, moral, or economic, which make life at least tolerable for the majority of Englishmen; and as a matter of fact most of us go to our graves without once having realized that we have only been living on the sufferance of private landowners. Obviously these practical mitigations alter the whole perspective of the problem. Instead of wildly longing for the abolition of private property in land, as the slave longs for the breaking of his chain, we have to estimate how the known disadvantages and advantages of private ownership compare on the balance with the anticipated advantages

and disadvantages of communal ownership. To provide materials for this comparison is the main object of the present book.

Nationalization includes Municipalization.—First of all, however, it is necessary to be quite clear as to the limits of the problem we are going to consider. By itself the word "nationalization" implies that some authority representing the whole nation shall enter into possession of the land. But latterly the idea has been gaining ground, that the evils of individual ownership can most conveniently be removed by substituting local public authorities for private landlords, in one word, by "municipalizing" instead of by nationalizing the land. A moment's reflection, however, will show that these two proposals are in principle identical. In England, and for that matter in every other country, municipal authorities are essentially subordinate to the sovereign national authority. Municipal corporations could only acquire the land by the consent of the national authority, and that authority would also define the conditions on which they should hold the land. Whether therefore the land should be "nationalized" or "municipalized" is purely a question of administrative convenience, and the term "nationalization" will throughout these pages—except where the contrary is obviously implied—be assumed to include "municipalization."

Ownership involves two distinct rights.—By way of further clearing the ground, it is well at once to emphasize an important distinction connected with the right of ownership, which will have to be more fully considered later on. Behind all the varied forms of ownership there lie two rights—the right to derive a revenue from the land, and the right to determine the use to which the land shall be put. It is mainly on the extent to which these two independent rights are retained in the same hand that the differences in the forms of ownership depend. The farmer occupying his own freehold enjoys in his own person both rights. The equitable owner of a fully mortgaged estate parts with the revenue of the land, but retains the right of direction. The ground landlord of an estate let on building leases gives up the right of direction but retains the revenue. An intermediate type of landlord, in practice very numerous, retains, in addition to the revenue, a partial control over his land by letting it for short terms.

Three schools of Land Nationalizers.—These varying types of landownership are under present conditions mere matters of conveni-

ence determined by private bargaining. But as soon as it is proposed to substitute national for individual ownership, the determination of the character of the ownership to be created becomes a question of fundamental importance. Is the State to claim the revenue of the land alone, or the direction alone, or is it to claim both revenue and direction? The question is variously answered by three schools of social reformers. The school that draws its inspiration from the writings of Mr. Henry George is anxious only to secure the revenue of the land. By gradually increasing taxation this school would transfer all land revenues from the present proprietors to the nation. With the control of the land they would not interfere. Another school of land nationalizers, led by Mr. Alfred Russel Wallace, take exactly the opposite view. In their opinion, to interfere with the monetary rights of the present owners would be unjustifiable; all they care about is the power to control the use of the land. This power they would transfer to the State, and at the same time guarantee to the dispossessed landholders a permanent income calculated on their present receipts. Lastly, we have the socialists, who want both the revenue and the control.

The meaning of the word "land."—One point more;—to attempt to consider the problem of land nationalization—as is sometimes unconsciously done—on the supposition that "land" means agricultural land, is to ignore perhaps the major part of the problem. To the majority of Englishmen, the terms on which they are to be allowed to occupy a sufficient area of land for their private houses, for their factories and schools, for their places of amusement and their places of worship, are at least as important as the conditions of land tenure under which part of their food is produced. For under no system of land tenure will English people be able to control the production of all the food they eat At the present day, more than half of our food is grown on land that is clearly beyond our control as a nation; and whatever the future may bring in the way of more complete cultivation of English soil, it is safe to prophesy that we shall always find it advantageous to import our tea and sugar and rice, besides minor articles of popular consumption. Consequently, at best the nationalization of agricultural land will only give us a partial control over our food supply, while the nationalization of urban or residential land may give us a complete control over our houses. Again, a very large

proportion of the income of the nation is derived from the mere business of digging up, and preparing for the market, coal and iron, tin and copper, limestone and granite and slate; while perhaps a still larger proportion comes from industries which are dependent for their success on a plentiful supply of the first two of these minerals. Obviously, then, in considering the subject of land nationalization, at least some attention must be paid to the mineral wealth that lies beneath the surface of the land. As far as possible, therefore, in the following pages, each of the three main utilities of land will be kept carefully in view.

Chapter II.
An Historical Sketch.

There are few subjects on which modern research has thrown more light than the conditions under which English land in past centuries was held and cultivated. That the subject is not yet exhausted any one who attempts to grapple with it will speedily discover. There are large blanks in the evidence which can only be filled in by inference; and the inference, though often the result of logical deduction from ascertained facts, is at other times unfortunately little better than mere guess work. We do not even know whether our ancestors, when they settled in our present home, were organized in democratic communities of freemen, or whether the bulk of them were servile or semi-servile dependants on aristocratic rulers. The former theory finds its most notable support in the writings of Sir Henry Maine; the latter in the more recent work of Mr. Frederick Seebohm. Neither of the ingenious theories put forward by these distinguished writers exhausts the possibilities of the matter, and a still more recent writer, Professor Maitland, has shown that both are far from the truth.

Sir Henry Maine's theory.—Sir Henry Maine, partly following the lead of Professor Nasse of Bonn, partly influenced by his own experience in India, suggested that the village communities still found in India and in Russia had their counterpart in the German mark as described by Tacitus nearly 2000 years ago; and that the German mark, or village community, was transported in its entirety to the shores of Britain. There a change took place. Under the stress of war, or civil disturbance, the leading man in each little community of freemen gradually acquired a more and more dominant position. Step by step his former comrades in battle became his followers, his former equals in the village council became his humble dependants. Thus by a process of degradation the village community was converted into the lord's manor.

Mr. Seebohm's theory.—Mr. Seebohm proceeds on other lines. Trusting less to analogy and more to research, he gropes his way back through English history from the present to the past. At each point he finds the manor, never the community. And the farther he gets back towards the beginnings of English history, the more servile

does he find the occupiers of the land, the more absolute the power of their lords. He therefore infers that the Englishmen who first settled in Britain, brought with them not the free mark system vaguely described by Tacitus, but the institution of slavery which undoubtedly existed among the German tribes. Hence, if this inference be correct, the earliest cultivators of English soil were not freemen working together in a self-governing community, but slaves or serfs owing obedience to a powerful lord.

Professor Maitland's view.—The view taken by Professor Maitland is that the country was not divided either into symmetrical communities or into symmetrical manors, but that there were many varieties of tenure and many grades in the social scale. Nor were these different tenures and relationships defined by our ancestors a thousand years ago with the clear precision which we—with our nineteenth and twentieth century minds—are always seeking. Their minds were not subtle enough to dwell on the distinctions which seem to us essential. It is this fact, quite as much as the mist of time, that baffles our vision when we try to picture the social and economic system under which our ancestors lived. In just the same way the coins that have come down to us from our earlier kings are often so blurred as to be indecipherable. They are blurred, not only because they have been worn by age, but because they were never clearly stamped.

The King's dominium.—Let us take as a starting-point the position of the king. It is frequently asserted to-day that all the land of England was originally the property of the king. That statement conveys to our minds to-day a fairly definite idea, but it would have puzzled considerably our ancestors of the ninth century. In their minds there was no clear distinction between the king's rights as the king, and his rights as a landowner. The same word, dominium,[1] is used for both. Yet we know that the kings of England in the ninth century had private property in some land, and in addition had royal authority over all land. We find, for example, that King Ethelbert in the year 858 effected an exchange of land with one of his own thanes.[2] The

[1] Maitland, p. 224.
[2] Ibid. p. 244.

amounts of land were equal, and both pieces were free from all burdens except the famous *trinoda necessitas*—of which more anon. It is therefore clear that we are here dealing with a transaction between two private landowners, not between sovereign and subject, as such. If the king had been owner of all land, in the modern sense of the term, he obviously could not have exchanged some land with another owner. The rights which the king possessed as sovereign over all land were, in the language of to-day, governmental rather than proprietary; but in the language of the time, and in the ideas of the time, the two blended into one another.

The profits of justice.—Even the administration of justice was regarded by our ancestors rather from the point of view of the profit it brought to the administrators than of the protection it gave to the community. The right to levy fines or forfeitures for a breach of the peace was one of the most valuable rights which the king possessed, and this right seems to have been regarded as inherent in the kingly function. In addition, private landowners enjoyed certain rights of jurisdiction over offences committed on their estates, and these rights were profitable, and highly appreciated. Even an ordinary householder seems to have been entitled to a money payment if two men fought under his roof. Thus, in the tenth-century mind, the idea of land ownership was closely blended with the idea of criminal jurisdiction. When, therefore, we find the king assigning by charter great stretches of land to some nobleman, or more often to some prince of the Church, we may assume that he was only assigning his jurisdictional rights and the profits that accrued from them. In many cases this is all that can be meant, for the land assigned was already occupied by persons of all social grades, many of them possessing proprietary or quasi-proprietary rights. In much the same way, to-day, the owner of an estate let on a long building lease may loosely speak of his "land"; but all he really owns is the right to a fixed rent, and the right to transmit to persons not yet born the power to take the land at the end of 99 or 999 years.

These jurisdictional rights over land played a most important part in the social economy of England both before and after the Conquest. Apart from the king's jurisdiction, and the jurisdiction of private landowners, there was also an ecclesiastical jurisdiction, specially created to deal with moral crimes, and speedily converted into a

source of profit. So important were these profits that they were a constant source of dispute between different authorities. For example, Domesday Book shows that there had been a dispute between the king and the Archbishop of Canterbury as to their respective rights to the forfeitures for adultery committed in the borough of Lewes. The dispute was settled by a compromise. The man was to pay 8s. 4d. to the king, and the woman 8s. 4d. to the archbishop.[1]

The word "land."—This primitive habit of treating the administration of public justice as a matter for private profit should alone warn us against the danger of trying to read twentieth-century ideas into tenth-century practices. Words to which we attach one meaning would, in the minds of our ancestors, have quite a different meaning, and we can seldom feel confident that we know what their meaning was. Take the word "land." To-day, when we say that a man has so many acres of land, we include in that term plough-land and pasture, woods and coppices, parks and gardens. All we are thinking of is the area covered. But for a long time before the Conquest, and for a long time after it, if a man said that he had thirty acres of land he meant that he held certain strips of plough-land scattered over the great arable fields around the village, and nominally measuring altogether thirty acres. He had no pasture-land at all, but the ownership of the acres carried with it the right to share in the common pasturage. As for wood-land, there was so much of it to spare that a definition of private rights was generally superfluous.

The Domesday "manor."—Take next the word "manor." Most people nowadays understand by a manor a considerable landed estate, comprising a mansion and several farms and farm-houses and labourers' cottages; also comprising a stretch of waste which the lord of the manor controls, but over which the tenants of the manor have common rights. Mr. Seebohm pictures all England as divided into such manors at the time of the Conquest, the boundaries of one manor coming up to the boundaries of the next. Professor Maitland, however, has shown conclusively that the word *manerium* in the Domesday record could not have meant such a manor as this, for it is

[1] Maitland, p. 281

often affixed to quite small holdings barely sufficient to keep one family.

He suggests that the word, as used by the compilers of that famous record, only meant a house that was separately chargeable to the heavy tax called Danegeld. If this suggestion is sound, it follows that there were before the Norman Conquest many persons whom we should now describe as small freeholders, and who were outside any regular manorial system.

Thanes, villeins, cottiers, boors, and slaves.—In the same way, when we try to discover what was the legal status of the different classes of persons living in England before the Conquest, we are met with all sorts of complexities. Nobody, for example, precisely knows what was the position of a thane. Broadly, he may be described as a landowner and a warrior, but his relationship to the king or to the great lord under whom he lived is not clear. More definite is the position of *theow* or slave. He could be bought and sold; he could be beaten, and even killed, by his master. Above the slaves were the "boors." A boor was treated, partly at anyrate, as a freeman, and a big fine had to be paid to his relatives and to his lord if he were killed. He had the use of thirty acres of land, and had a couple of oxen for ploughing. But, apparently, he was only a tenant at will, and on his death his lord could take possession of his property. Above the boors came the cottiers and villeins. It is they who make up the great bulk of the people at the time of the Conquest, and much research has been devoted to the discovery of their precise status. It may safely be said that the discovery will never be complete, for the status of these English cottiers and villeins was a changing one. They were in many respects freemen, and under favourable economic conditions would, perhaps, occupy almost as good a position if they were freeholders; under bad conditions their position might be but little superior to that of the slaves.

Some effects of the Conquest.—At the time of the Conquest there is little doubt that these semi-free tillers of the soil were on the down grade. The country had suffered severely from a succession of wars; heavy taxes had to be paid, and the landowners who were liable for the tax would press more hardly on their tenants. On the top of this strain came the Conquest. The French conquerors were not likely to press gently where the English lords had themselves pressed hard.

They had come to England in Duke William's train to make money, not to play at philanthropy, and they squeezed every penny they could out of the estates handed over to them. More over, many of the new owners were evidently absentees—French bishops and abbots who worked their English estates through a bailiff. Domesday Book is full of evidence of the disastrous results to the English people. Ancient rights were confiscated by the new foreign lords, and fresh burdens imposed. Sometimes the compilers of the great record show by a phrase that they were conscious of the catastrophe that had fallen upon the nation. Of a certain Ailric, who holds a "manor" of 600 acres, they write: "In the time of King Edward he held it as his own, but now he holds it as the tenant of William—*graviter et miserabiliter.*"[1]

The advance of feudalism.—Not only did the Conquest degrade a large number of English owners and cultivators from independence to servitude, but it also to a large extent changed the character of English land tenures by the wholesale introduction of feudal ideas. Doubtless the feudal idea had already found its way into England, but it would probably have advanced very slowly if there had been no French invasion. The Frenchmen were familiar with military tenures in their own country, and the mere fact that they came as conquerors, and had to keep a conquered people in subjection, almost forced them to make the tenure of land dependent upon the obligation of military service. In one respect William the Conqueror effected an important modification of the feudal system, to the advantage of royal power. As it existed in France, the feudal system deprived the sovereign of the direct allegiance of most of his subjects. The great landowners—the tenants-in-chief—who held direct from the king owed allegiance to him, but their tenants owed allegiance only to them. Hence, if a great landowner chose to rebel his tenants were bound to follow him, for they had no relation to the king except through their lord. William, finding himself in supreme power in a strange land, was able to dispense with this dangerous feature of the feudal system, and insisted that every man must recognize, as had always been the law in England, the direct sovereignty of the king.

[1] Maitland, p. 21.

This point was definitely established by the famous gemôt on Salisbury Plain, when all the landowners in England, great and small, took an oath of allegiance to the king.

The thirteenth century manor.—It was pointed out above that Mr. Seebohm had over-stated the case in implying that there was a complete manorial organization at the time of the Domesday record. Doubtless, there were then some manors, as we now understand the term, but there were many more later, and it is clear that the organization of the manor became much more rigid after the Conquest. The typical manor of the twelfth or thirteenth century comprised a considerable area of land—plough-land, pasture, and waste—and included within its jurisdiction freemen as well as serfs and semi-serfs. The principal person was, of course, the lord of the manor, who, in addition to his financial and jurisdictional rights over the whole manor, possessed a demesne or personal holding. The lord, as a rule, cultivated his demesne himself, with the aid of a bailiff, and with the labour of the servile tenants of the manor. If, however, the demesne was so large that he did not care for the responsibility of managing the whole, it was an obvious convenience to allow one of the wealthier villeins of the manor, or perhaps a poor relation, to take a piece as tenant. Such an arrangement was, unlike the tenure of the villein, purely one of contract; the parties might make what bargain they chose. The poor relation would probably obtain the land on the honourable tenure of military service; the base-born villein, on the other hand, would probably enter into a contract either to pay so much produce, or to work so many days on the rest of the de mesne. The other inhabitants of the manor were the villeins and cottiers, who held their acre strips subject to the rigid customs of the manor, which were enforced by the manorial court. With regard to the waste, the lord had large and undefined powers of control, but the tenants of the manor seem, from very early times, to have possessed the right of turning out cattle or geese, of collecting firewood, and cutting turf. The most notable secular edifice in the manor was the lord's mansion, surrounded probably by farm buildings and a garden or pleasure-ground. In this respect the picture is not dissimilar from what may be seen in many parts of England to this day. When, however, we come to the yard-land or plough-land, we find an arrangement so

strange to our present experience that it is difficult to realize that for centuries it was the distinguishing feature of rural England.

The open field.—To-day we see fields of all shapes and sizes, divided by hedge and ditch, with here and there, at frequent though irregular intervals, a farm house with stacks and barns around. In mediaeval England we find everywhere large open fields, subdivided into narrow rectangular strips by balks of unploughed turf. As a rule round each village there were three such fields, one for the winter wheat, one for spring wheat or beans, and one left fallow. The strips in these three great fields were almost invariably a furlong—i.e. a furrow-long—in length, and either two or four rods in width. In the latter case the strip was called an acre; its dimensions, as will be seen, give the area of an English statute acre. The smaller strips are half-acres. It is these regular acre or half-acre strips that went to make up the holdings of the customary tenants of the manor. As a rule the villein or yardling had in all thirty acres of land; the cottier about five. But the strips composing any particular holding did not lie side by side so as to form a compact farm. They were scattered over the three great open fields of the manor, so that each man's holding was inextricably interwoven with the holdings of his neighbours.

In this apparently hopeless confusion, however, there was generally observable a certain sequence, which proves that the system did not grow up haphazard. An examination of the actual holdings of which the records have been preserved, shows that the strips of the several tenants of the manor for the most part succeed one another in a regular rotation.[1]

The intermixed acre strips.—How then did this rotation, surviving through centuries, arise? Here again Mr. Seebohm claims to have unlocked the puzzle, and proved that the rotation of acre strips corresponds to the rotation of individual services in the work of communal ploughing. A remarkable account of co-operative ploughing in Wales, drawn up in the tenth century, is still extant.[2] The following are the principal clauses:—

[1] Seebohm, p. 26.
[2] Ibid. p. 118 *et seq*.

"Whoever shall engage in co-tillage with another, it is right for them to give surety for performance, and mutually join hands, and after they have done that, to keep it until the tye be completed: the tye is twelve acres.

"The first acre belongs to the ploughman; the second to the irons; the third to the leading sod ox; the fourth to the leading sward ox, lest the yoke should be broken; and the fifth to the driver; thence onward to the remaining six oxen, from beast to beast, unto the last; and after that the plough acre (for the wooden framework of the plough).

"Every one is to bring his requisites to the ploughing, whether ox or irons, or other things pertaining to him; and after everything is brought to them the ploughman and driver are to keep the whole safely, and use them as well as they would their own."

This picture of co-operative tillage in actual working would explain the rotation of acre strips so often found on English manors. Each of the partners in the communal ploughing would take the produce of the acre assigned to him for his part in the work, and the relative position of this acre would obviously be the same in each successive "tye." Professor Maitland, however, contends that there is no evidence that this Welsh system ever extended to England, and suggests instead that the inter mixture of the strips was only due to a desire to secure a fair distribution of land in view of the varying fertility of different parts of the same field.

The wastefulness of the open field system.—The arrangement was obviously inconvenient. The narrowness of the strips prevented cross-ploughing, and their separation involved additional journeying for the cultivator. Moreover, the individual cultivator was not free to cultivate his strips according to his own fancy. He was obliged strictly to follow the rotation and the tillages of his neighbours; he must plough when they ploughed, and reap when they reaped. For as soon as the crops were off the ground, every tenant of the manor was at liberty to turn in his cattle to graze off the stubble. In the absence of fences this practice would obviously interfere with any systematic manuring of the land, and thus led to the exhaustion of the soil.

The manor court.—Another institution of the mediaeval manor, which has now disappeared almost as completely as the open field,

was the manor court. These courts, which were not regularly established until after the Norman Conquest, were of two kinds—the court baron, where only the free tenants sat, and the customary or popular court, which all the customary tenants of the manor had the right to attend. The court baron concerned itself only with matters relating to the free tenants. The court customary, on the other hand, took cognizance of all the affairs of the manor.

As examples of its activities, the following orders are quoted by Mr. Denton from the Launceston Court Rolls:—

A.D. 1294. William Cobbe's wife fined 4d. because she worked badly in harvest.

A.D. 1296. Hugh de Lay's land taken into the lord's lands because he had neither ploughed nor harrowed it, and is unable because he is a pauper.

A.D. 1296. Ordered that William le Bercher and his wife with all his family be sent away from the village, and not to be taken back again.

A.D. 1333. Agnes Vainer, a nief (bondwoman), gives to her lord a fine of 6d. that she may be enabled to serve and marry whomsoever and whensoever she pleases, and no more of a fine because she is poor and an orphan.

On the other hand a certain widow "gives to her lord 18d. that she may be without a husband to the end of her life."

The enclosure of wastes, a.d. 1235.—The first serious encroachment on the customary order of the manor was made in the reign of Henry III. The statute of Merton in 1235 gave power to the lord to enclose portions of his waste that were not required for the pasture rights and turf rights of the tenants. How much was to be left unenclosed was not defined, and from the date of the statute, lawsuits and riots frequently occurred, ditches were filled up and the newly-erected hedges pulled down by rioters "warlikely arrayed."[1] A good illustration of the way in which enclosures were probably often effected is given in Smyth's *Lives of the Berkeleys*. Lord Maurice, Earl of Berkeley, had "within his manor of Hame a wood called Whitclive, adjoining whereunto were his tenant's arable and pasture

[1] Denton, p. 157.

grounds."[1] He first negotiated with his manorial tenants for a surrender of some of their acre strips and part of their common grazing rights. When they refused to entertain the proposal, he took the matter into his own hands, secured the land he wanted, and gave the tenants such compensation as he thought fitting. In this particular case the only motive of the lord seems to have been to enlarge his own park.

Enterprising spirit of thirteenth-century landowners.—On the other hand, in the reign of Henry III., and still more in the reign of the great Edward who followed, wealthy noblemen, and the king himself, busied themselves in experiments with new plants and crops, and in devising or borrowing from abroad improved methods of cultivation. It was then that many of the commonest English fruits were first regularly cultivated, either from wild native stock or from plants imported from the Continent. With the disorder of Edward II.'s reign this spirit of improvement seems to have died out, and during the Hundred Years' War that followed, the English nobility preferred the excitement of freebooting expeditions across the Channel to the placid delights of fruit-farming. The Wars of the Roses too, though they seem to have but slightly affected the actual cultivators of the land, fully occupied the energies of the great landowners; and it is not until the settled government of Henry VII. that we hear again of noblemen taking an active interest in agricultural improvements.

The agrarian struggle in the fourteenth century.—But the indifference of the lords of the soil to the art of agriculture during the later Plantagenet and the Lancastrian period did not imply indifference to the profits of agriculture. Landowners were still anxious to maintain and if possible to increase the revenues they derived from their manors.

By the time of the Plantagenets, the free tenants settled on the lord's demesne had commuted their services into fixed money payments; and in a similar way had been commuted the services due from the villains and cottiers, now become the "customary tenants" of the manor.

[1] Smyth's *Lives of the Berkeleys*, vol. i. p. 140.

At the same time slavery as an institution was dying out in England. The Conqueror had prohibited the Bristol slave trade, and the mediæval Church constantly used its influence to secure the manumission of slaves. It was so far successful that by the end of the thirteenth century chattel slavery had almost completely disappeared.

During the fourteenth century, then, lords of manors were no longer able to cultivate their demesne by the forced labour of their villains, nor could they fall back upon the labour of personal slaves. Instead they must apply the commuted payments of their villain and free tenants to the hire of free labourers. And as long as the rate of wages for agricultural labour remained fixed at about the point which represented the value to the lord of the villain's forced labour, the lord was no worse off, while the villain was better off, for his time was now his own, subject only to the necessity of paying a fixed rent. The fourteenth century, however, was marked by a succession of wide-spread plagues, of which the Black Death in 1348 was the most famous. The population, which had been steadily advancing through the long reigns of Henry III. and Edward I., rapidly declined under Edward III. Villain holdings and free holdings became vacant, and landless men had now no difficulty in getting land for themselves. The natural result was that the price of free labour rose. At the same time the lord's revenue out of which he paid for labour declined; for many of his tenants were dead and their holdings vacant.

Acts of Parliament to keep down wages.—To meet these difficulties, the barons and manorial lords tried two separate plans. First, they appealed to Parliament and the king for power to compel labourers to work for the same wage as in times past.

Parliament meant themselves, and the king, Edward III., not unnaturally followed the advice of his fellow-landowners. In 1349 the first Statute of Labourers was issued by a royal proclamation, which was confirmed by an Act of Parliament two years later.[1] This statute required every labourer, bond or free, man or woman, to work for the same wages as in the twentieth year of the king's reign (i.e. 1347) The statute applied to all agricultural wage labourers, and to mechan-

[1] For detailed information in regard to the Statute of Labourers, see Denton, p. 311, *et seq*.

ics who engaged in agriculture. In spite however of this comprehensiveness, the statute seems to have failed, and mainly from want of loyalty among the persons in whose interest it was passed. Every lord of a manor, or his representative, the steward, was primarily anxious to save his own crops, and in order to secure sufficient labour would covertly offer and pay higher wages than the statute allowed; or would perhaps supplement the statutory wages by liberal charity. Consequently a few years later we find the giver or promiser of illegal wages freed from penalties if he denounces his own breach of the law; the receiver alone is to suffer. At the same time charity is forbidden; while to stop the migration of labour, it is further provided that no man or woman may travel out of the hundred, rape, or wapentake, where he is dwelling, without a letter patent under the king's seal. For breach of this law the offender is to be put into the stocks, which are to be provided in every town. Further, boys and girls who have been brought up to husbandry, and "have served at the plow and cart" till the age of twelve, "thenceforth shall abide at the same labour without being put to any mystery or handicraft."

The attempt to revert to labour rents.—So much for the first plan tried by the manorial lords for keeping up the profits on their manors. The second plan left the question of wages on one side, and proposed that the customary tenants should be compelled to revert to the practice of forced labour. This incident of villain tenure had now been unknown for at least two generations of tenants, and it was the attempt of the nobles and landlords to revive it that led to the great rising under John Ball and Wat Tyler in 1381. By an ingenious utilization of the people's loyalty and the king's perjury the rising was suppressed, but the stewards of manors soon found that in practice it was almost impossible to exact the old labour rents. After a time they abandoned the struggle, and instead began to adopt the modern system of letting land to tenants for the best money rent obtainable.

The tenant farmer of the fifteenth century.—In the fifteenth century then the tenant farmer first springs into importance. The conditions of his tenure are not dissimilar from those prevailing to-day, and must be carefully distinguished from the conditions imposed on the feudal tenants created in the Norman and Plantagenet period. For while the freeholder or the soc-man had only to pay a fixed rent, called a "rent of assize," the fifteenth century tenant paid a rack or

competition rent. Again, the freeholder, subject always to the payment of his fixed rent, was as much the owner of his land as the lord himself; but the tenant farmer was merely an occupant, able to throw up the farm when he liked, and liable to be turned out if he quarrelled with the lord or the steward of the manor. As a rule, however, through the fifteenth century lords and stewards were only too glad to find tenants, and consequently a tenant had a real fixity of tenure, and could sub-let or sell or bequeath his holding. His position indeed was in many ways better than that of the landowner himself, who was subject to the very heavy burdens of feudalism, and whose power to dispose of his estate was strictly limited.

Was the fifteenth century equally golden for the labourer?—But while the tenant farmers were thus prospering, it is by no means clear that the labourers were doing so well. Professor Thorold Rogers has indeed said that the fifteenth century was the golden century of the English labourer, and the statement has been often repeated. The basis on which it rests seems, however, curiously insufficient. The statement is grounded on a comparison of the amount of the labourer's wage with the cost of his food. Thus: "the agricultural labourer gets about 4d. a day for his work, in harvest time 6d. … The full price of the labourer's board was a shilling a week, often considerably less; his wages were thus twice or three times the cost of his maintenance under contract. In 1467 two girls are hired to work, and are paid 2d. a day. They are also boarded, and this is put at 2d. a day more. In the same year, at Selborne Priory in Hampshire, the board of men is put at 2d., of women at 1½."[1]

In the first place it may be observed, that the calculation here made, that the labourer's weekly wage is twice or three times the cost of his board, rests on the assumption that the labourer will work every day in the week except Sunday. But in the fifteenth century, as well as in the nineteenth, field work must have been sometimes suspended on account of bad weather. Nor in pre-Reformation England was Sunday the only holiday in the week. Every important saint's day was observed with the same strictness as the Lord's day, and it is

[1] *Six Centuries*, p. 329.

probable that the working week was on the average nearer to four than to six days.

The labourer's enjoyments in the fifteenth and nineteenth centuries.—A still more fundamental flaw in the "golden century" theory is this: that the comparison of fifteenth century prices and wages, and nineteenth-century prices and wages, leaves out of account the additional comforts of modern life which have become necessaries to the immense majority of English labourers. Not only articles like tea and sugar, but bed-linen and even blankets were unknown to the fifteenth-century labourer. He slept at night on a bed of straw or ferns, covered with the same cloak that he wore in the fields in the daytime.[1] The floor—of beaten earth—was strewn with rushes, so rarely renewed as to generally form a mass of putrifying filth. If the labourer wished, as he probably seldom did, to wash himself or his clothes, he would have to spend half his day's wages for a pound of soap. His food for nearly six months of the year was salted beef or pork, and bread often made from the bad wheat that he had received in lieu of money wages; potatoes and fresh vegetables were unknown. As to furniture, here is the inventory of the goods and chattels of a landless workman in 1431: "one dish, one adze, one brass pot, two plates, two augers, one store axe, one three-legged stool, one barrel called stonde."[2] When the landless labourer of to-day flits from one cottage to another, he must borrow his employer's waggon, or hire a van to shift his things. Thus even if we leave out of sight such purely modern luxuries as penny postage and Sunday newspapers, cheap railway trips and free hospitals,[3] there is little doubt that the nineteenth-century farm labourer has reached a higher point

[1] Denton, p. 206.

[2] Ibid., p. 217.

[3] It is true that gratuitous maintenance was provided in the Middle Ages for persons afflicted with the plague of leprosy, now happily extinct; and through the fifteenth century the leper houses outside each town were still often filled with inmates mostly coming from the labouring classes. The sort of treatment that these sufferers received may be inferred from a market regulation of the town of Berwick-on-Tweed. "Rotten meat or fish"—to quote Mr. Denton's summary of the regulation—"offered for sale in the market was to be confiscated, and sent to the lepers outside the town for their eating, and 'if there be no leper folk,' then 'the rotten pork or salmon is to be utterly destroyed.' "

in the scale of civilization, and enjoys a higher standard of comfort, than his compeer of the Middle Ages. That he enjoys also a better average of health and a greater length of life is equally provable.

The deterioration in the sixteenth century.—If, however, we contrast the position of the field labourer in the middle of the fifteenth century with his position a hundred years later, the "golden century" theory becomes plausible. For towards the end of the fifteenth century, the agriculture of the country underwent a change that was eminently disastrous to the cultivators of the soil. The great land owners, who for nearly two centuries had been busy with wars abroad or wars at home, under the settled rule of Henry VII. began again to turn their attention to improving their estates. Much of the arable land of the country had been worn out by centuries of continuous cropping on the three field system, and was now worth extremely little to the owner. The opening up of trade with the Netherlands created a new utility for the soil; instead of growing wheat for home consumption it might be made to grow wool for foreign export. The landowners immediately began to resume the farms that their predecessors had been glad to let to tenants at a low rent, and they also began to encroach on the holdings of their customary tenants, or copy-holders as they were now called. By both processes farmers and labourers were driven off the soil in order to make room for sheep. To remedy this evil, Parliament prescribed that a certain portion of land should be kept under tillage, and the farm-houses maintained.

Risings of the peasantry against enclosures.—Unfortunately these remedies were not effective. The rule for the maintenance of "houses of husbandry" was evaded by keeping the house in just sufficient repair to give shelter to a single shepherd; and the requirement that a certain proportion of land must be kept under tillage, was complied with by driving a single furrow up the middle of a large pasture field. In spite of the law then enclosures went on rapidly, and in the next reign were further stimulated by the confiscation of the Church lands. Up to this time the ecclesiastical corporations, partly doubtless from charitable considerations, and partly from the *vis inertiæ* that clogs the action of corporate bodies, had made little or no attempt to keep pace with the "improving" landlord. They had been content to manage their enormous estates according to the old manorial customs of the country. On the dissolution of the monasteries these es-

tates were transferred to individual proprietors, new men, favourites of the king, or hangers-on of king's favourites—men bound to their subordinates by no traditional ties, and while freed from the sanctions of the old faith, not yet accepting any new creed as a guide to conduct. These men, suddenly put into possession of vast estates, were in a hurry to turn them to the best profit. They ruthlessly cleared out the old tenants—yeomen who could trace their tenure of the land through a dozen generations in unbroken descent—they cut up the open fields with hedges and ditches, and fenced off the common pastures to make parks for themselves.

Many of these enclosures were absolutely illegal as well as cruel, and it was the indignation of the rural population, as well as their suffering, that gave strength to the frequent risings in the reign of Edward VI.

> "The peasant, whose pigs and cow and poultry had been sold or had died, because the commons were gone where they had fed; the yeoman, dispossessed of his farm; the farm servant out of employ, because where ten ploughs had turned the soil, one shepherd now watched the grazing of the flocks; the artizan, smarting under the famine prices which the change of culture had brought with it—all these were united in suffering; while the gentlemen were doubling, trebling, quadrupling their incomes with their sheep-farms, and adorning their persons and their houses with a splendour hitherto unknown."[1]

In county after county the peasantry rose against these encroachments, tore down the park palings, and re-levelled hedge and ditch. The nobility and gentry quickly combined for common defence; they sold their plate and jewellery, armed their personal retainers, and with the aid of German and Italian mercenaries suppressed the successive risings. The peasantry were thus compelled, by the unanswerable arguments of musketry and the hangman's rope, to submit to the loss of common rights which were theirs by the prescription of centuries.

[1] Froude, vol. V. p. 201, chap. xxvi.

During what remained of Edward's reign, and through the brief reign of Queen Mary, the work of enclosure still went on. It began to slacken, however, under Elizabeth and the Stuarts, and ceased altogether about the time of the Commonwealth.[1]

The enclosures of the sixteenth and eighteenth centuries compared.—When the practice reappears in the middle of the eighteenth century, it is under different conditions, and is prompted by different motives.

The enclosures of the fifteenth and sixteenth centuries were made by the lords of the soil acting on their own responsibility, and using such private means of force as they could themselves command. The prescriptive rights of the tenants and the well-being of the labouring population were both ignored. Nothing in fact was considered except the probable profit to the lord of converting into pasture for himself the arable fields of his tenants and the common waste of the manor. The whole proceeding was selfish, aggressive, and for the most part illegal from beginning to end. In the eighteenth century there may have been selfishness—human beings are never quite devoid of that quality—but there was patriotism as well. The eighteenth century landlord was before all things an agriculturist. Indeed, a passion for agriculture seems to have taken possession of the whole country; everybody was cogitating how to improve the cultivation of the soil, and wealthy landlords vied with one another in experimenting with new crops, new implements, new methods. In many parts of England the improving landlord had a free hand. The lawless enclosures of the previous period held good, and in some counties nearly the whole area was divided into farms of the modern type. On these the landlord, through his tenant, could experiment and improve to his heart's con tent. But taking the country through, barely half of the cultivable land was yet enclosed. The great open fields, with their innumerable strips of plough-land, were still a striking feature of the landscape; and everywhere too were to be seen wide stretches of waste land—undrained marsh or uncared-for forest, or upland pasture half buried under gorse and heather. All this was vexation and bitterness to the improving spirit of the eighteenth century. But how was it to be rem-

[1] *Economic Review*, July 1891, pp. 360, 361.

edied? The copyhold tenant of the manor had as good a legal right to each one of his scattered acre strips as the lord himself to his manorial estate. Further, all the tenants, freeholders as well as copyholders, had commonable rights over the waste, and as long as they insisted on these rights the waste could not be enclosed. Much might, in theory, be done by a voluntary surrender for mutual advantage, but in practice it is difficult to induce a number of individuals to surrender rights which they have long exercised and understand, for future and only partially realized advantages. Thus the only feasible plan was to utilize the omnipotence of Parliament, and compel an agreement for common profit. This was done, and apparently with the consent of all parties. Each copyholder gathered together his scattered strips and rounded them off into a farm. The waste was shared out among the lord and his tenants in proportion to their respective estates in the manor. "Unto him that hath shall be given." The lord got most, the landless labourer was left out in the cold.

The labourer's right of common ignored.—It is this neglect of the labourer which is the great blot on the eighteenth-century and nineteenth-century enclosures. By the enclosures the labourer lost the privilege of turning out any beasts he possessed on the common, and received no direct compensation. How valuable his privileges were is incidentally evidenced by a writer of a report to the Board of Agriculture and Internal Improvement[1] on the enclosure of Knaresboro' forest. The report is dated 1794; the enclosure was effected between 1775 and 1780.

Part of the forest, explains the reporter, had been anciently enclosed, but there remained "a tract of upwards of 30,000 acres of common, whereon Knaresboro' and several other towns claimed and had exercised a right of common and turbary equally with the owners of property. This waste in its open state yielded the inhabitants fuel, and pasturage for their sheep, horses, and stock of young cattle; and some opulent yeomanry profited exceedingly thereby. But to the necessitous cottager and indigent farmer it was productive of more inconvenience than advantage; *if not to themselves, at least to the*

[1] General View of the Agriculture of the West Riding of Yorkshire, 1794. Appendix No. 1. By Robert Stockdale, Esq.

public at large, who was by that means deprived in a great measure of the exertions of the farmer and the labour of the cottager and their families; for it afforded their families a little milk, yet they would attempt to keep a horse and a flock of sheep. The first enabled them to stroll about the country in idleness, and the second in the course of three or four years were so reduced by the rot and other disasters that upon the whole they yielded no profit." In other language, the common rights of the country folk in the neighbourhood of Knaresboro' were so valuable that many of them were able to maintain themselves without working for wages; and thus the "public at large," i.e. the land owners and tenant farmers, were deprived of their services.

But the enclosures lead to a rise in wages.—If however the labourers received no direct compensation for the loss of their common rights, indirectly they profited by the eighteenth-century enclosures. Everywhere the enclosure of open fields or waste land seems to have been followed by a rise in wages owing to the increased demand for labour.[1] What in fact the labourer lost in ease and variety of occupation he gained in wages, and for the time there may have been a net profit to him as well as other classes in the community. The disadvantage of the change was that it made him absolutely dependent on the labour market; he had no stand-by left; he was compelled to take what wages were offered or starve. If, on the contrary, an allotment of land had been reserved to him he would have enjoyed a partial independence, enabling him to improve his position. Had this been done in each parish when the great wastes were carved up, and at the same time a sufficiency of land reserved for public recreation, the enclosures of the eighteenth and nineteenth centuries would have stood out as an unmixed benefit for the whole community.[2]

The interest of the general public in commons.— Happily the importance of these points, especially the latter, was realized in the great Enclosure Act of 1845. By this Act commissioners were appointed to investigate the desirability of enclosures in all parts of the country. In some cases the commissioners might authorize the enclosure of their own authority; in others they must make a report to Par-

[1] See report above quoted, *passim*.

[2] Yes, IF. But now the enclosures only benefited the land owners – and they have a right to maintain that right? /pma

liament. Their instructions were to "have regard to the health, comfort, and convenience of the inhabitants of any cities, towns, villages, or populous places … as well as to the advantage of the proprietors of the land."[1] It was further provided that village greens were not to be enclosed, but might be assigned in trust to the church-wardens to be maintained as a recreation ground for the parish. At the same time the commissioners were authorized, but unfortunately not required, to insist that in any case of enclosure, an allotment, proportional in size to the population of the parish, should be reserved for recreation. They were also to reserve "such an allotment for the labouring poor as they shall think necessary, with reference to the circumstance of each particular case." In practice, however, the commissioners seem to have almost entirely ignored these special powers; they still continued to treat the question of enclosure as a matter concerning only the persons having tangible proprietary rights. This view was, however, rapidly growing unpopular. And for good reason. In the first place, there was now no longer, as at the beginning of the century, any necessity to increase the corn-growing area in the country; foreign lands were able to provide us with all the wheat we wanted. Again, one side of the enclosure problem was settled, or nearly so. The "open fields," with their wasteful husbandry, were now nearly all enclosed and re-divided into compact farms. All that remained to enclose were the "commons," as we understand the term to-day, the manorial wastes over which a large and ill-defined body of persons had large and ill-defined rights. These wastes, for the most part poor land, would be little good for corn growing, even had the corn been wanted, but they would be of immense service as breathing spaces for the rapidly increasing population of the country. Public opinion therefore began to demand a reversal of the old policy; instead of restricting by enclosure the enjoyment of each parcel of land to one individual, the enjoyment was to be extended by "regulation" from the large body of commoners to the still larger body of the general public. Under the influence of these ideas, a committee of the House of Commons was appointed in 1865 to "inquire into the best means of preserving for public use the Forests, Commons, and open spaces

[1] 8 & 9 Vict. c. 118, § 27.

in and around the Metropolis." An Act followed on this inquiry, and a further inquiry was held on the whole question of enclosures in 1869. This inquiry in turn resulted in 1876 in an Act for "facilitating the regulation and improvement of Commons, and for annulling the Acts relating to the enclosure of Commons." Here we find a well-marked distinction drawn between "private interests" and the "benefit of the neighbourhood;" and the policy of the Act was rather to regulate commons for public enjoyment than to encourage their enclosure. The provisions of the 1845 Act with regard to recreation grounds and allotments for labourers were extended; an encroachment upon a village green was declared to be a public nuisance; and finally, power was given to County Courts to prevent, by injunction, illegal encroachments upon any commons.

In spite, however, of this last provision, encroachments upon commons still continue, for the encroacher has always a more direct and personal interest in effecting the encroachment than any member of the public has in resisting it. By way of supplying the public with an organization for its own defence, a Commons Preservation Society was formed some years ago, and has helped to save several commons from enclosure. It also devotes considerable attention to preserving public footpaths from the rapacity of private landowners.

The new Domesday Book.—We have now roughly traced the process by which the soil of England came into the hands of its present owners. As to their numbers, the only available information is that furnished by the parliamentary return of the landowners of the United Kingdom, published in 1874, and popularly known as the new Domesday Book. Unfortunately this return is defective in many important particulars and inaccurate in others. It was compiled solely from the rate-books of each parish or poor law union, with such information added as the local officials were able to furnish of their own private knowledge. The returns are printed county by county; the name and address of each owner of more than one acre are given, the extent of his property within the county, and his estimated rent-roll. In any one of these items there may be an error. The rate collectors, as a rule, are concerned with the occupiers, not with the owners of property, and it is not their business to ascertain whether the reputed owner of an estate does really enjoy the freehold, or only a long lease or life term. Again, the rating authorities take no account

of woodland or wasteland from which no taxable profit is derived, and all such land is omitted from the returns. And even in the case of cultivated land, the acreage returned is in some cases the result of guess-work, not of measurement. In the same way, in setting down the rent-roll, the local authorities take no account of the rent actually received by the owner of the property, for this is a matter which does not affect the rates. All they can record is the "gross estimated rental" of the property, and in the case of a long lease the greater part of this goes not to the landlord but to the leaseholder. Thus while many owners of land are credited with a less acreage than they really possess, they may be at the same time credited with a greater income.

These defects are inherent in the return, and diminish its value even as a county record. But when an attempt is made to convert it into a statistical abstract for the whole kingdom, by adding up the totals for each county, the value of the compilation is still further impaired. For all the large landowners and many smaller ones have property in more than one county, and a numerical summary which ignores this fact is necessarily inaccurate.

With these warnings, however, the totals given in the new Domesday Book may be quoted. They are, for England and Wales, exclusive of the metropolis, as follows:—

Number of owners of one acre and upwards … …	269,547
Number of owners below an acre … … …	703,289
	972,836

These 700,000 owners of less than one acre are probably persons who have purchased the houses they occupy. They may possibly deserve to be congratulated on the circumstance, but their existence obviously does not affect the distribution of agricultural land. Even if each of them possessed a full acre—and the average is probably less than half an acre—there would still be left, according to the return, 33,800,000 acres in England and Wales to be accounted for. Again, the examination of any page taken at haphazard, in the new Domesday Book, show that more than a third of the recorded owners possess less than ten acres, many of them just the bare acre that brings them within the limit. Striking an average, we may deduct 90,000 persons from the total given above, and half a million from the acreage of the kingdom; we then have left 33,300,000 acres, and 180,000

owners. Further analysis would show that even this reduced figure has very little relation to the number of persons who divide the greater portion of England between them. A far more accurate picture is given by the following table of the possessions of the great landowners[1]:—

A Table showing the distribution of the area of the United Kingdom among the great landowners.

Number of holders of 100,000 acres and upwards		42
Number of holders between	50,000 and 100,000	72
Number of holders between	20,000 and 50,000	283
Number of holders between	10,000 and 20,000	490
Number of holders between	6,000 and 10,000	611
Number of holders between	3,000 and 6,000	1,014
		2,512

From this table, by a rough calculation, which may be left to the reader, we arrive at the conclusion that half of the United Kingdom is owned by 2500 persons.

That is a striking fact, but its economic importance is somewhat diminished by the reflection that much of this land is moorland and mountain that measures largely but has little commercial value. When land is valuable it tends to be held in smaller parcels than when it is cheap. This is specially marked in the case of land intended for building. In this case large estates are deliberately broken up into small freehold building plots. According to the figures quoted on page 35, there were in 1874, in England and Wales alone, exclusive of the metropolis, some 973,000 freeholders. The omission of the metropolis would certainly more than counterbalance the double counting already referred to. Since 1874 an immense number of new freeholds have been granted for building plots, and in addition a good many large rural estates have been broken up into smaller parcels. We may therefore safely say that, at the present moment, there are more than 1,000,000 separate owners of land in England and Wales. This fact by no means justifies the present distribution of

[1] From the appendix to Bateman's *Great Landowners*. London: Harrison &. Sons, 1878.

land, but it should be borne in mind when people talk of land as a "monopoly."

Chapter III.
Land Taxes: Past and Present.

In the previous chapter reference was made to the three fold burden, *trinoda necessitas*, to which all English land owners were subject before the Norman Conquest. The three burdens were the duty of supplying men to the king's army, the duty of keeping up the walls of the fortified county town, and the duty of building and repairing bridges. At a time when there was little property of any kind except land and the cattle required for its cultivation, it was natural that the obligation of providing for the defence of the nation and for the maintenance of the means of communication should have been laid upon the owners of land. Every owner of five hides of plough-land—i.e. about 600 acres—was responsible for providing one man to the royal host, and had also a responsibility, though less clearly defined, for fortress building and bridge maintenance. These three burdens were maintained, except in rare instances, even when the land was granted to the Church. Doubtless, like other taxes in all ages, they were often evaded, and the easy victory of William the Conqueror was probably due to the defective organization of the English army. The first of the three burdens disappeared after the Conquest, being merged in the far more serious military obligations of the feudal system. The second burden gradually lapsed as feudal castles sprang up in place of the fortified county town. On the other hand, the obligation to maintain the bridges continued unchanged for centuries, and may indeed be said still to continue, for the maintenance of bridges is still a charge upon the county rate.

Danegeld.—In addition to the somewhat uncertain burden of the *trinoda necessitas*, the Saxon kings from time to time levied a heavy tax on the owners of land, in order to build a navy to drive off the Norsemen who ravaged the eastern coasts. This tax, taking its name from its intended use, was at first called ship-geld; but the Norsemen growing stronger, or the Englishmen more timid, after a time the money was used not to drive off, but to bribe, the invaders, and ship-geld became danegeld. The tax, however, did not cease with the cause that gave rise to it. The Danish kings of England themselves levied danegeld on various pretexts, and William the Conqueror es-

tablished it as a yearly tax. In the reign of Henry II. it was dropped for a short time, but under Richard I. the same tax reappeared with a new name. It was called carucage, and was a land-tax levied at a uniform rate on each carucate of land, the carucate, or the amount of land that can be tilled in a season with one plough, being identical with the hide of 100 to 120 acres. The tax was chargeable on all tillage land, independently of the tenure by which the land was held. Under Edward II. it was imposed for the last time in the year 1224.

The revenue from the royal demesne.—Both before and after the Conquest, however, the kings of England drew the bulk of their revenues from their own estates and from the profits of their royal jurisdiction. The king's forests provided him with game, as well as with the sport of killing it; the tenants of his manors furnished corn and other produce; and the towns yielded a considerable revenue in the way of fines and forfeitures. This system of revenue was regulated by Henry I, who converted the produce rents of the rural tenants into fixed money rents, and allowed each town to pay to the king a definite rent, *firma burgi*[1] in lieu of his jurisdictional profits. In addition the tenants of the royal demesne were all liable to be called upon to assist the king in any emergency up to the tenth part of their goods. It is from this special obligation of the tenants of ancient demesnes, that we get the clue to the regular system of taxation that prevailed in England for several centuries.

The revenue from the incidents of feudalism.—Before passing to this subject, however, it is necessary first to deal with the revenues arising out of the feudal tenures introduced by the Norman kings. These must be carefully distinguished both from the rents levied upon the tenants of the royal demesne, and from the taxes, of which danegeld and carucage are instances, imposed by authority to meet an emergency. The feudal dues were not taxes at all. They were the outcome of an arrangement, largely voluntary, under which the tenant was secured in the peaceable possession of his land in return for certain services to be rendered to his lord. These services were never due to the king as king, they were due to him as feudal lord, and therefore only due from landholders who were the king's immediate

[1] Dowell, vol. i. p. 18.

tenants—i.e. the tenants-in chief. They in their turn had a claim to similar services from their tenants; and so downwards, till sooner or later the actual cultivator of the soil was reached, who held not by feudal tenure at all, but by villeinage.

Knight service and scutage.—The principal service due was called knight service, and was measured by the number of knights that the landholder had to furnish to his lord. Whether there was any direct connection between the size of the holding and the number of knights seems doubtful.[1] Nor is it quite clear at what date the practice of accepting a money payment in lieu of personal service began. This payment was called "scutage," or shield money, and there is evidence of the use of the term as early as the reign of Henry I. The most notable instance of the levy of a general scutage was on the occasion of the expedition of Henry II. to Toulouse, when the charge worked out to 1s. 4d. in the £.[2] The tax was always unpopular, and the frequent levies made by King John helped to provoke the barons' rising. For this reason both Henry III. and Edward I. were chary of asking for scutages, and in Edward II.'s reign the charge disappeared altogether.

The three regular "aids."—The most important of the other feudal burdens were the three regular "aids." If the feudal lord were taken captive the tenant must pay his ransom; when the lord's eldest son came of age, the tenant must bear the expense of the young man's knighthood; and when the eldest daughter married, the tenant must provide her dower. For any of these purposes the king as feudal lord could levy an "aid " from his tenants in chief, the great landowners of the kingdom; and they in their turn could exact the same aids from their tenants. At first there was no limitation to the amount that might be taken on any one of these occasions; but in the compact between king and barons embodied in Magna Charta, it was laid down that the aid must be "reasonable" in amount, and a statute of Edward I defined the word "reasonable" to mean 20s. for each knight's fee, or a shilling in the pound.

Relief and primer seisin; wardship and marriage.—The next items in the list of feudal burdens are relief and primer seisin. When a

[1] Round, *Feudal England*, p. 225 *et seq.*
[2] Round, Knight Service, p. 52.

feudal tenant died his lord re-entered upon the land, nominally to protect the rightful heir from intruders, really to secure for himself the first year's profits, the "primer seisin," of the estate. In addition, when he finally handed the estate over, he was entitled to exact a further payment called "relief." By Magna Charta a relief was fixed at £5 for a knight's fee. If, however, the heir happened to be a minor, the lord, under the plea of "wardship," continued his occupation of the land and his enjoyment of its profits till the young man came of age. Again, in the case of an heiress, the lord had the right, under the title of "marriage," to bestow the hand and property of his ward on whom he chose. The opportunities for profitable extortion are here obvious, and by the sale of rich heiresses the kings of England were able to secure a considerable addition to their incomes. Subsequently, too, this right to give wards in marriage was extended from girls to boys, and there are constant entries on the Exchequer Rolls of fines paid by men as well as women for liberty to marry whom they pleased.

Fines on alienation.—Another serious burden on the feudal landholder was the difficulty of alienating his land. In no case could he dispose of it by will, and if he wished to sell it during his lifetime, he must obtain the licence of his lord, and must pay a fine.

Escheat and forfeiture.—Lastly we come to the incidents of "escheat" and "forfeiture." When a tenant died without heirs, his estates reverted or "escheated" to the feudal lord, as the original donor. Escheat also occurred whenever the tenant was found guilty of a felony. Over and above escheat, however, was "forfeiture," a claim made by the king, not as feudal lord but as king, to the estates of all convicted criminals. If the crime was only an ordinary felony, the king's claim to forfeiture ended with a year and a day, and then the estate escheated to the feudal lord. In the case of treason the estate was forfeited forever to the king, and all claims to escheat were barred.

The proposed Great Contract.—These various feudal dues—the three "aids," "primer seisin and relief," "ward-ship," "marriage," "fines on alienation," "escheat and forfeiture"—together made up an important part of the revenue of the kings of England from the Norman Conquest to the Great Rebellion. That such charges lent themselves easily to extortion is not hard to see, and in practice the officers of the Exchequer were ever fertile in excuses for expanding the

charges that could legally be made on the feudal tenants of the Crown. To put a stop to this perpetual irritation, it was proposed to King James I. that he should make a "Great Contract" with the nation, and commute his claim to feudal incidents for a fixed sum of £200,000 a year. The project fell through, and the feudal burdens continued till the outbreak of the rebellion.

The Restoration Parliament abolishes feudal tenures.—During the struggle with Charles I., and through the succeeding period of the Commonwealth, these burdens were allowed to lapse. On the restoration of Charles II. they were in theory, ipso facto, revived. But it is not easy to recreate a nuisance that has once ceased to exist. And instead of making the attempt, Parliament reverted to the proposal for a great contract. The only doubt was as to the means by which the money should be raised to indemnify the king. The natural and honest way would undoubtedly have been by a rent-charge levied on the properties which had been previously subject to feudal incidents. To this course it was objected that many of these properties had changed hands, and that it would be unfair to impose an unexpected burden on the new proprietors. The argument fell on willing ears, and the House of Commons decided, though only by the small majority of two,[1] to raise the money by an excise on beer. At the same time all feudal tenures, with two unimportant exceptions, were abolished. Hence forward every holder by knight service became a holder by "free and common socage," or in other words, acquired the unburdened freehold of his estate. The gain to the landowning classes was enormous, and ought to have been paid for by the persons who profited. To make the general body of tax-payers provide relief for a limited body of land owners was a gross abuse of the parliamentary power possessed by the latter.

The tallage of towns, and of the king's rural tenants.—To turn back now to another branch of the royal revenue;—it was stated above that the tenants of the king's ancient demesne were liable to be called upon, even to the tenth of their goods, for aid to their lord in any emergency. This obligation extended not only to the rural tenants of the king's manors, but also to the inhabitants of nearly all the

[1] Taswell-Langmead, p. 622.

towns in the kingdom, for in return for corporate privileges, the towns were treated as part of the royal demesne.[1] Under the Norman kings this heavy obligation was not enforced. Instead, rural tenants paid their danegeld or land tax, and the towns paid a comparatively mild auxilium or aid. Later, under Henry II., when the danegeld was for a time dropped, the auxilium was extended to rural tenants, and the whole tax was then called a "tallage." In practice the tallage was a sort of composition between the king and the tenants of his demesne.[2] They were liable up to the tenth of their goods should the king be driven to necessity; he preferred money down. Thus when money was needed for an expedition, the king first went to the citizens of London and struck a bargain with them, and then, on the basis of this bargain, the judges on circuit assessed every town and every royal manor. Finally the sheriffs collected the money, and paid it into the Exchequer. This arrangement was adopted by Henry II. on three occasions during his reign. The tax, it is to be noted, was not a general tax imposed on the whole country; it was only charged upon persons living on the royal demesne, and upon the boroughs, which were, for the convenience of the townspeople as well as for the profit of the sovereign, treated as part of the royal demesne.

The Saladin Tithe.—So far then we have discovered no one tax of the whole kingdom. Danegeld and carucage only touched the agriculturists; scutage only affected the king's feudal tenants-in-chief; tallages were only demanded from the king's tenants, and from the towns. But as early as the reign of Henry II. a tax was imposed that was undoubtedly general. This was the Saladin tithe of 1188. The origin of the tax, as the name implies, was religious rather than feudal or civil. Money was wanted to drive Saladin from Jerusalem, and all over Europe chests were placed in the churches to be filled by voluntary contributions. The contributions were supposed to be proportional to the wealth of the donor, and any one who understated his property was liable to the penalty of excommunication. Henry II. took advantage of this enthusiasm and systematized it. By the authority of the royal council, he required every one throughout his do-

[1] Maitland, Township and Borough, p. 72
[2] Dowell, p. 42.

minions in France and England to "give in alms the tenth of his rent and moveables." Various exceptions were allowed, and knights and clergymen who served personally in the crusade were altogether exempted. But apart from these exceptions care was taken that no one should escape. "And if any one shall, in the opinion of those presiding at the collection, have given less than he ought, let there be chosen from the parish four or six freemen, who on oath shall state the amount which he ought to have stated, and then he shall add what before was wanting."[1]

Growth of the general property tax.—The general property tax that had its origin in the Saladin tithe did not readily establish itself. Like the income tax of our own century, it was at first regarded as an exceptional tax, only to be tolerated in circumstances of grave national danger. Under such circumstances, however, it might rise to almost any figure, and the nation would submit. Richard I., for example, apart from the enormous tallages he took from the tenants of his demesne, imposed in 1193 a property tax of 25 per cent., or one-fourth of the goods and rents of every person in the kingdom. King John was more moderate, and took only one-thirteenth. To collect this tax commissioners were appointed for each county, with power to examine individuals on oath as to the value of their chattels and rents. Under-valuation or concealment was punished by the forfeiture of all the delinquent's goods, and by imprisonment during the king's pleasure.[2] In spite, however, of these severe provisions, it is probable that the tax-payer rarely paid on the full value of his property. On several occasions large categories of property were intentionally exempted from taxation, for example, household furniture, riding horses, and church plate, and sometimes all rents were exempted and only movables charged. Again, a provision is more than once found for sparing the small belongings of the poor. Thus in 1232, when the tax was at 6d. in the pound, all persons were exempted whose goods amounted to less than 3s. 4.d.

Some mediaeval assessments.—This minimum was constantly shifted, and the searching character of the tax may be inferred from a

[1] Dowell, vol. i p. 46.
[2] Dowell, p. 69.

surviving assessment of the town of Colchester in the year 1301. Here, among others, John Fitz Elias Weaver is returned as possessing an old coat valued at 2s., and one lamb, value 6d. On this he pays a "fifteenth," or 2d.[1] Other assessments are similar: William of Tending, the tailor, has an old cloak, 3s., a bed, 2s. 6d., a brass pot, 1s. 6d., and a pair of scissors, 3d.—total 7s. 3d. Walter the weaver "has a surtout valued at 2s. 8d.—nothing more."[2]

The "Tenth and Fifteenth."—Up to the middle of Edward I.'s reign, the general property tax with which we are now dealing went on side by side with the special taxes before described. In one year there was a tallage or a scutage, in another a general property tax; or the three or any two might fall together, no rule being observed except the necessities of the king. Towards the end of the thirteenth century, however, an attempt was made to combine the tallage of the royal demesne with the general taxation of the country, and the superior liability of the royal tenants was recognized by demanding from them a higher rate. It is thus that we get the system followed through several centuries of demanding a tenth from the tenants of royal manors and the inhabitants of all towns, while only a fifteenth is demanded from the rest of the country. This system became firmly established in the reign of Edward III., when, on the failure of a final attempt to revive the old exceptional rights of tallaging the royal demesne, a general "tenth and fifteenth" was granted by Parliament, as a solatium to the king.

The settlement of the tax.—The king, however, seems to have revenged himself by instructing the commissioners of taxation to screw up the assessments. The tax-payers grumbled that they had never been asked to pay so much before. To remove this discontent, it was arranged in the next year, 1334, that the commissioners might treat with each township as a whole, and make a composition for the payment of a lump sum. The sum raised under this new system was about £39,000 for the whole country. Being the result of a bargain, or rather of hundreds of separate bargains, no attempt was made in the succeeding years to alter it. From henceforward, when Parliament

[1] Denton, p. 214.
[2] Dowell, vol. i. p. 257

voted a grant of a tenth of all the property in towns and on royal manors, and a fifteenth for the rest of the country, nothing more was meant than that each township should pay the sum agreed upon in 1334.

Occasionally a town pleaded poverty, and Parliament made an abatement, which was afterwards allowed to continue, so that after some years the amount raised by a fifteenth and a tenth gradually dropped to about £30,000.

Various experiments in taxation.—The system of fifteenths and tenths, however, as settled by Edward III., was not entirely satisfactory, and in the succeeding reigns various experiments were made in taxation. Richard II. twice tried a poll tax; Henry IV. attempted to re-establish the old land tax on the knight's fee; Henry VI. tried a graduated income tax. The last experiment is the most interesting. This graduated tax, or "subsidy," to use the language of the period, was first granted in 1435, and was repeated in 1450 under a more complete form. The rate began at 6d. in the pound, and rose to 2s. in the pound for incomes over £200. The new tax—involving a careful assessment of property by royal commissioners—was not popular, and was slowly paid. The taxpayers preferred the old plan of a fixed contribution from each township and a local assessment, and two further attempts, made in the latter half of the fifteenth century, to introduce the new subsidy failed.

Henry VIII.'s first "subsidy."—Henry VIII. was more successful. In 1513 he wanted £160,000 for a war with France, and it was granted to him by an Act, 5 Henry VIII. c. 17, which may most conveniently be taken as the first of the long series of "subsidy " acts. Briefly, the first subsidy was an income and property tax at the rate of 6d. in the pound. Wage-earners were to pay on their yearly earnings, and landholders on their yearly rents, while the owners of personalty were charged on the capital value of their belongings "for every pownde in coyne, and the valewe of every pownde that eny person hath in plate, household stole of marchaundyse or other goodys or cattalles, moveables … to the value of xls. or above, vjd."[1]

[1] 5 Henry VIII. c. 17.

In order to collect the tax, commissioners were appointed for every county, borough, and city in the kingdom, their names being printed in the body of the Act.

The "entire subsidy" established as a regular tax.—From henceforward the "entire subsidy," as it was called, became a regular feature of the English fiscal system. At the same time, however, the fifteenth and tenth being an old-established and therefore not unpopular tax, was still retained. What was done was to supplement the old tax fixed in amount by the new subsidy based on contemporary assessments. Sometimes one fifteenth and tenth was granted, together with one or more subsidies; sometimes as many as "foure holle XV^{meis} and X^{meis} to be hadde paide taken and levied of the moveable goods cattails and other things usual."[1] In 1545, Parliament, moved by the consideration that "under his Majesties sure protection, wee do yet so live as if there were no warre at all, even as the small fishes of the sea in the most tempestuous and stormie weather doe lie quietly under the rocke,"[2] granted one "entire subsidie" for the year, together with two fifteenths and tenths, payable in two years.

Decadence of the subsidy.—By the end of Henry VIII.'s reign the productiveness of the subsidy began to decline. Wages and salaries had entirely dropped out, and gradually other property effected its escape from assessment. In Elizabeth's reign the Chancellor of the Exchequer pointed out to the House of Commons "how favourable was the taxation of subsidies, whereby far less cometh to her Majesty's coffers than by law is granted, a matter now (1575) drawn to be so usual that it is hard to be reformed."[3] Again in 1601 a demand was made in Parliament for a revision of the assessment, and Sir Walter Raleigh protested against the under-assessment of persons known to be wealthy. "Our estates that be £30 or £40 in the Queen's books are not the hundredth part of our wealth."[4]

Systematic underassessment.—This persistent and glaring underassessment is not hard to explain. The commissioners for assessing

[1] 32 Henry VIII. c. 50.
[2] 37 Henry VIIL c. 25.
[3] Denton, vol. i. p. 189.
[4] Ibid., p. 193.

the tax were local men, selected on account of their position in each county or each borough. These local magnates would not unnaturally be careful to keep the valuation of their own district as low as possible, lest they should be paying more than their neighbours. They had too always before them the precedent of the fifteenths and tenths, where the fixed sum paid by each district had no longer any relation to the nominal rate. There was thus always a tendency in assessments for subsidies to drop back to the payments of previous years, and to take those for the maximum that the district ought to pay. So far had this tendency been carried, that by the end of Elizabeth's reign a subsidy of 4s. in the pound on lands, and 2s. 8d. in the pound on goods, had degenerated into a fixed charge of about £80,000 a year from the laity and £20,000 from the clergy.

At this figure the tax continued throughout the next two reigns. Parliament still religiously prescribed the way in which the commissioners should do their work, and assess every man at the full value of his property, and the commissioners with equal persistency ignored their instructions.

During the reign of James I. too, the old fifteenths and tenths finally disappeared, and henceforward the subsidy stood alone. To make up the revenue it was necessary to vote several subsidies at once. On one occasion as many as five were granted to King Charles I,[1] all payable within twelve months; so that in this year, if the real rate had been equal to the nominal rate, the whole of every man's rent, and nearly three-quarters of his goods, would have gone in taxation.

Monthly assessments of the Commonwealth.—On the outbreak of the Great Rebellion, the need for raising large sums of money rapidly in order to pay the army speedily convinced the Long Parliament that the time had arrived for sweeping away the farce of the subsidy assessments. Instead of pretending to impose a pound rate which every one knew would never be exacted, Parliament fixed a sum to be raised from the whole country, and shared out the burden as fairly as it could guess between the different counties and boroughs; and in framing this guess, it was guided by the previous assessments of the

[1] 3 Car. I. c. 8.

locality for a subsidy. In fact the precedent, set by Edward III. in 1334, was closely followed by the Long Parliament in 1648. The difference was, that the sum demanded by the Long Parliament from the whole country was determined, not by the sums previously paid, but by the needs of the Commonwealth. Each locality then made its own arrangements for levying its proportion of the tax by an equal pound rate on all property real and personal. The tax was payable by monthly instalments, and was generally voted by Parliament for a few months at a time, and not for the whole year. For example, in 1656 Parliament voted an "Assessment upon England at the rate of £60,000 by the moneth for three moneths,"[1] to meet the expenses of the Spanish War, "and other necessary services of this Commonwealth."

William III.'s new assessment in 1692.—The Commonwealth tax on these lines survived both the Restoration of Charles II. and the Revolution that drove out his brother, and was employed during the first few years of the reign of William and Mary. But it was found to have serious defects. In the first place, personal property had, before the accession of William, altogether slipped out of assessment; secondly, the proportions for the different counties and boroughs had grown unfair. These proportions, as already mentioned, had been fixed on the basis of the last subsidy payments made in the reign of Charles I., nearly fifty years ago. Probably even then they were not quite fair; by the end of the century they had grown obviously unjust, for some districts had prospered and others declined. To correct these anomalies it was decided to have a new assessment; and as the Government was grievously in need of money for the French War, the tax was set for the year at the high rate of 4s. in the pound. This and nothing more is the meaning of the famous land tax, so called, of William III.

Details of the so-called "land tax" of 1692.—The tax was granted by an Act, 4 William and Mary, c. I, entitled, "An Act for granting to their Majesties an aid of 4s. in the pound for one year for carrying on a vigorous war against France." Section I, without the verbiage, is as follows:—"Be it enacted that all persons and bodies corporate having

[1] Scobell, Ordinances, Anno 1651, c. 12.

any estate in ready moneys or in any debts owing to them within this realm or without, or having any estate in goods, wares, merchandise, or other chattels, or personal estate whatsoever … shall pay unto their Majesties 4s. in the pound, according to the true yearly value thereof for one year."

Section 2 deals with professional incomes:—"And be it further enacted that all persons holding any public offices or employment of profit (except military and naval officers), and their clerks, substitutes. Sec, shall pay 4s. for every pound of their salaries."

Section 3:—"And to the end a further aid and supply may be raised by a charge upon all lands, tenements, &c., … be it further enacted that all manors, messuages, lands and tenements, quarries, mines, ironworks, saltworks, parks, chases, warrens, woods, coppices, fishings, tithes, tolls, annuities, and all other yearly profits, and all hereditaments of what nature or kind whatsoever situate in England or Wales or Berwick-on-Tweed are hereby charged with the sum of 4s. for every 20s. of the full yearly value."

In one word, the tax of 1692 was intended to be not a land tax, but a property and income tax.

Let us pass to succeeding years:—The tax of 1693 is the same as that of 1692. In 1694 we have in addition a poll tax of 4s. a head, with certain exceptions, and a small graduated income tax. In 1695 the Money Act is again the same as in 1692. In 1697 the phrase "land tax" is first used—8 and 9 William III., chap. 3:—"An Act for granting an aid to His Majesty as well by a land tax as by other subsidies and other duties payable for one year." But it is not clear whether the phrase "land tax" here refers to the whole tax or only to that part of the tax which applied to land, houses, and other hereditaments.

The settlement of the tax in 1697.—In this year too an important change was made in the tax, probably with the object of correcting the fraudulent assessments of the owners of personalty. For already personalty had begun to slip out of William's assessments, as it had slipped out of the monthly assessments under Charles II. Each year the produce of the tax grew less, and to prevent a farther fall, in 1697 the principle of the pound rate for the whole country was again abandoned in favour of the plan of faxed local assessments. Just as Edward III. in 1334 had fixed and localized the fifteenth and tenth; so now in 1697 William III. fixes and localizes his new subsidies, the

quota of each district being fixed on the basis of the payment made in 1692. Referring to the Act, we find that—

Section I defines the quotas to be raised in each county and in each town.

Section 2 enacts that personal estates, offices, pensions, &c., are to pay at the rate of 3s. in the pound.

Section 3—"And to the end the full sums charged by this Act upon the several counties, cities, &c., may be fully raised, be it further enacted, that all manors, messuages, &c., shall be charged with as much equality as is possible by a pound rate for or towards the respective sums of money by this Act imposed upon the several counties, &c."

In other words, the tax-gatherer in each district was to get as much as he could out of personalty, and then to come upon the land and houses for the rest. Consequently the more skilful the holders of personal property were in evading the tax, the greater would be the proportion thrown upon realty. Nor does it need many words to prove that personalty can more easily escape assessment than realty; the farmer can drive off his cattle before the assessor comes round, the householder can conceal his furniture, but the land and the fixtures upon it are always in evidence. Thus it is easily intelligible that in time a tax originally intended for a general property and income tax became little more than a charge upon real estate.

Never levied on land alone.—The real nature of the tax was, however, perfectly well understood by qualified persons. For example, in the year 1781 Lord Loughborough, in delivering judgment in the case of Astle v. Grant, said:

"This tax, although commonly called a land tax, is not in its nature a charge upon the land. It is a charge upon the faculties of men estimated, first, according to their personal estate; secondly, by the offices they hold; and lastly, by the land in their occupation. The land is but the measure by which the faculties of the persons taxed are estimated."[1]

[1] Bourdin, p. 10.

Adam Smith, writing (in 1776) of "this land tax, as it is called," mentions that "a very considerable part of the produce of this tax arises from the rent of houses and the interest of capital stock."[1]

The Commutation Act of 1798.—But to complete the history of the tax:—The Act of 1697 was followed by a series of Acts which were repeated in exactly the same form year after year for 100 years. The only variations introduced were variations in the rate at which personalty was charged and in the whole amount to be levied. The rate was sometimes 3s., sometimes 2s., and sometimes only 1s., but after the commencement of the war with our American colonies in 1776 it was always 4s. The amount to be levied per each shilling of rate was almost exactly constant, at close upon half a million pounds.

The last of these Acts was passed in the year 1797: 38 George III., c. 5. It was in all essentials identical with that passed in 1697 and already quoted, except that the rate was 4s. instead of 3.s. In the next year, but in the same session of Parliament, an Act was passed—38 George III., c. 60—for making perpetual not the whole of the land tax, but the portion of it that related to realty. For even in 1798 part of the produce of the tax—about £30,000 a year in all—was still derived from offices and pensions and from personalty.[2]

The realty portion of the tax, thus made perpetual, was to be redeemable by the purchase and cancelling of an equivalent amount of consols. The personalty portion was ascertained for each district, and was voted annually by Parliament as a charge upon all the personalty of the district till 1833, when the tax was dropped. Finally the portion of the tax relating to incomes from offices and employments was also ascertained and voted annually till 1876.

Pitt's income tax.—So much for the land tax, so called, apparently disposed of by Pitt in 1798. But as with French kings, so with English taxes, the succession is perpetual—*le roi est mort, vive le roi.* No sooner had the property and income tax of William III. been converted into a fixed charge by the Act of 1798, than a new property and income tax was called into being by an Act of 1799. Pitt's income tax was in fact little more than the old land tax charged on a

[1] *Wealth of Nations*, bk. v. chap. ii. p. 410.
[2] Bourdin, p. 10.

new assessment. The old form of the tax was indeed allowed to continue side by side with the new form, just as in Tudor days the old fifteenths and tenths continued side by side with the subsidy, but the new and expansible tax became the keystone of the Exchequer. It is true that in comparing Pitt's tax with William III's differences of detail will be found; in particular the Government machinery for assessment and collection was improved. But fixing one's attention on the main features and not on minor details, one sees that the chain of continuity is unbroken; Pitt's income tax, William III's land tax, and the Tudor subsidy are all in essence the same.

The Land Restoration League and the land tax.—We are now in a position to appreciate at its proper value the proposal made by some land reformers, that William III's Land Tax of 4s. in the £ on "the full yearly value" of the land should be re-assessed and charged in full upon the values now current. This proposal is ingeniously calculated to enlist in its favour the universal sense of justice and our peculiarly English love of precedent. The examination of the facts shows, however, that this apparently fascinating precedent is in reality no precedent. The tax of William III. was not a land tax; the rate of 4s. in the pound was not intended to be permanent, and did not in fact become permanent till three-quarters of a century later. Further, the very evil of which complaint is now made was fully dealt with by Pitt; the farce of William III's assessments was swept away, and the tax re-established on a modern basis. What the land nationalizers demand has in fact been done; and the landowner of to-day is taxed, by means of the income tax, upon the full yearly value of his land. In addition, he remains liable for the old land tax, except where it has been redeemed by the payment of an equivalent capital sum.

Present incidence of "land tax."—With regard to the present incidence of the land tax, it is worthwhile to point out that the tax, being a tax on realty, is levied on buildings as well as on land—a circumstance which has apparently escaped the notice of the Land Restoration League. It is usual to take the Poor Law valuation as the basis for the assessment of the tax, and upon that assessment to raise, by an equal pound rate, a sufficient sum to yield the quota fixed for the parish by the Act of 1798. In practice, a trifle over the quota has often to be raised through the difficulty of fixing a precisely accurate rate, and this "surplus land tax," as it is called, must be used to re-

duce the quota payable by the parish in future years. The effect of this operation, continued for many years, has been that in many parishes the tax is now altogether redeemed.

Redemption of the tax.—In addition to this automatic redemption for whole parishes, there has been a still more extensive redemption by private owners. Such redemptions were specially active in the first two years after its power to redeem was given—namely, 1798-1799. Pitt's main object was to raise the credit of the country by means of the capital sums paid for the redemption of the tax, and there can be little doubt that many of the landowners who at once came forward to redeem, were actuated as much by a desire to assist in maintaining the public credit as by the hope of making a judicious investment.

At anyrate, we find that though, from a purely financial point of view, redemption was equally profitable in many subsequent years, it was much more rarely adopted. This fact is sufficiently indicated by the following figures[1]:—

Amount of Land Tax redeemed.	
Two years 1798-1799 …. …	£442,875
Ninety-two years 1800-1892 … …	£435,888

The tax never uniform.—From this account of the origin and working of the so-called land tax it is sufficiently obvious that at the present day what remains of the tax must necessarily be extremely unequal in the rate of incidence. Indeed, the incidence never was equal, because from the very first the assessments were irregular. Throughout the eighteenth century complaints of this irregularity were common. One anonymous writer in 1746 complains that the tax on realty fluctuates from 6d. up to 3s., and that the tax on personalty in no case exceeds 1s., though supposed to be 4s.[2] These inequalities have necessarily gone on increasing as the value of property varied. Each parish is still only liable for the quota fixed in 1798, which was in most cases the same as the quota fixed in 1697. In a parish where there has been much building or other urban development the quota can be raised by a tax of the fraction of a penny in the £; in some

[1] Bourdin, p. 87.
[2] Bourdin, p. 15.

rural parishes the full rate of 4s. would still be necessary. In the year 1893-4 the rate ranged from $^{1}/_{17}{}^{th}$ of a penny to 4s.[1]

A dole to favoured persons.—In 1896, however, Parliament, on the proposal of Sir Michael Hicks-Beach, arbitrarily decided to reduce the quota in all parishes where a rate of more than 1s. in the £ was required to make up the full amount. The effect of this measure was to relieve certain owners of agricultural land of a burden which they had inherited or contracted to bear, and to impose instead a new charge on the general tax payer of the country. This dole to a few favoured individuals costs the country about £100,000 a year.[2] Probably it is now impossible to undo this gross job, but lest a similar scandal should be perpetrated in the future it is desirable that the method of raising what remains of the old land tax should be reformed without delay. At present the parish as a whole is liable for the whole quota; or, in more precise language, owners and occupiers of unredeemed property are collectively liable for all the portion of the original quota that has not yet been redeemed. Their liability is discharged by an equal pound rate based on the Poor Law valuation. Consequently, every new house that is built on unredeemed property becomes liable for an appreciable land tax to the relief of the previous payers of land tax. This is the reason why land tax is redeemed by prudent persons in anticipation of building. It would be far better to remove this element of uncertainty by fixing the tax, not on the parish, but on the particular properties at this moment chargeable with it. What remains of the old land tax would then become a fixed rent charge on particular properties. There would be no injustice to anybody, the trouble of constant re-assessment would be saved, and no Chancellor of the Exchequer would venture to reduce such a rent charge in order to put money into the pockets of his political allies.

The history of the death duties.—In order to complete this summary sketch of the history of land taxes in England it is necessary to say a few words about the death duties.

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[1] *Ibid*. p. 13.

[2] Budget Speech, 1896.

The original probate duty imposed in 1694 was only a 5s. stamp on any probate of a will or letters of administration.[1] Realty under English law has always passed direct to the heir, and therefore required no probate. And as long as the tax on probate was merely nominal this inequality was of little consequence. But in 1795 Pitt imposed a serious probate duty with an ascending scale of charges. By 1814 this tax brought in as much as half a million a year, but no effort was made to bring realty within the scope of the tax. The reason for this tenderness to the landowners is sufficiently explained by the fate of Pitt's legacy tax of 1796. As proposed by Pitt the tax would have fallen on all successions, though with the proviso that successors to realty should be allowed to pay their tax gradually. Even this concession failed to conciliate the House of Commons, and the tax was imposed on personalty only. Thus landed property passing by death escaped, and down to 1853 continued to escape, both probate and legacy duty. In 1853 Mr Gladstone as Chancellor of the Exchequer ventured to deal with one of these evasions, and imposed a succession duty on real estate. Forty years later, in 1894, Sir William Harcourt undertook a complete reform of the death duties, and for the first time subjected realty passing by death to the same rate of taxation as personalty. This great reform removed a long-standing injustice, and at the same time provided a magnificent revenue for the State.

Taxes on transfer.—In addition to the death duties, to the income tax, and to the remnant of the land tax, the owners of land are liable to a tax on their property when it is transferred by sale. The stamps on conveyances roughly range in amount from ½% to 1% of the value of the property dealt with. These stamps are payable by the purchaser; but it is unnecessary to point out that their existence is taken into account in the bargaining between the two parties, and there can be no doubt that they do in effect diminish the selling value of the property. They thus constitute a tax on capital values payable at the moment when the property changes hands. A similar tax is also levied on property temporarily transferred by means of a lease. Local

[1] Dowell, vol. iii p. 139.

rates and the in habited house duty, which are also to a large extent taxes upon land, will be dealt with in a subsequent chapter.

Chapter IV.
The Theory of Rent.

The most widely known and the most generally quoted theory of rent is that due to the economist Ricardo. "Rent," says Ricardo, "is that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil."[1] And then he goes on to show how rent arises and how it grows.

> "On the first settling of a country in which there is an abundance of rich and fertile land, a very small proportion of which is required to be cultivated for the support of the actual population, … there will be no rent; for no one would pay for the use of land when there was an abundant quantity not yet appropriated. But 'when in the progress of society land of the second degree of fertility is taken into cultivation, rent immediately commences on that of the quality, and the amount of rent will depend on the difference in the quality of these two portions of land. When land of the third quality is taken into cultivation, rent immediately commences on the second. At the same time, the rent of the first quality will rise.' "

This theory of rent invented by Ricardo, and endorsed by John Stuart Mill, was enthusiastically accepted by Mr. Henry George, who apparently identifies the Ricardian theory with what he is pleased to call "God's Law of Rent."[2]

Unfortunately this much belauded theory fails to correspond with the facts.

A preliminary objection.—In the first place the definition is inaccurate. Rent is not paid for "the use of the indestructible powers of the soil; "for the indestructible powers of the soil are for the most part useless. As the late Professor Thorold Rogers, among others, shrewdly pointed out,[3] what is indestructible in the soil is not its fertility, but its infertility. A bed of granite will remain barren, however

[1] Ricardo, chap. ii.
[2] The Condition of Labour, p. 73.
[3] See for example, *Industrial and Commercial History of England*.

much labour be spent upon it; while, on the other hand, the most fertile of virgin soils may quickly be rendered unproductive by careless cultivation. Indeed Nature herself often performs the work of destruction, and land that by much exertion of human effort has been made fertile, will within a few years, if the effort cease, relapse into barrenness. In a word, there is no such thing as permanent fertility.

The theory historically untrue.—Let us pass to the question of the origin of rent. According to Ricardo rent arose by the gradual extension of cultivation from fertile to inferior soils. So far as England is concerned this statement is completely at variance with known facts. Rents in England had a compulsory or military, not an economic origin. The rent-payer was in nine cases out of ten the serf or slave of the rent-receiver. He paid because he could not help himself; the payment was a personal one; no attempt was made to graduate the rent according to the nature of the soil; nor was one serfs rent raised because some other serf was cultivating worse land. The only circumstances that affected the rent were the needs of the lord, and the customs of the manor. Nor did economic considerations affect the rent in cases where a voluntary payment was made, as where a freeholder commended himself to a powerful lord. Here what the free tenant paid for was military protection, not profitable land. And, to jump from these early and obviously non-economic rents to the fifteenth century, when tenant-farmers in the modern sense began to grow common, there is still no evidence for Ricardo's imaginary picture of the extension of cultivation inducing an increase of rent. On the contrary, the population was stationary, or nearly so, and an immense area of cultivable land was lying idle. Nevertheless the villain tenants of manors were willing to take up land and pay a rent for it, because they acquired by so doing a more independent status. A still more important test is furnished by the rapid increase of rents at the end of the fifteenth and through the greater part of the sixteenth centuries. Here the causes were purely economic, and therefore here if anywhere support should be found for the Ricardian theory. It is not found. The rise was due, not to the extension of cultivation, for thousands of acres were thrown out of tillage, and the labourers flocked to the towns in search of work, but to a change in the use to which the land was put. The fields that brought in little

profit as corn-land could be made to bring in much profit as grass-land.

The rise in eighteenth century rents.—Again, in the eighteenth century there was a rise in rents that cannot be attributed to the pressure of population against the soil. During three-quarters of the century population increased very slowly, prices were almost stationary, and labourers were prosperous. The accompanying increase of rent was due to the improvements in the art of agriculture, of which something has been said in a previous chapter. "In 1731-2 when wheat was 20s. a quarter, barley 11s., and oats 9s. 6d., Lord Lovell reports as the result of the new agriculture that his profits on his outlay are more than 36 per cent."[1] In brief, the landowners were teaching the farmers how to make more profit out of the land by better cultivation, and this increased profit, or part of it, came back to the landowner in the form of increased rents.

The law of diminishing return.—Nor can it be said that this is only another aspect of the Ricardian theory. It is true that Ricardo allowed not only for the case of a more extensive cultivation by the breaking up of inferior land, but also for a more intensive cultivation by the employment of additional capital on the old land. He did; but the expenditure of additional capital, according to the old methods, is a very different thing from the adoption of improved methods. It is the latter procedure that gave rise to the increase of rents in the eighteenth century; it was the former on which Ricardo based the second half of his theory of rent.

Doses and diagrams.—This side of the theory has been fully worked out by later writers, notably by Professor Marshall.[2] With much admirable reasoning Professor Marshall explains how rent arises from what, following Ricardo and Mill, he calls the Law of Diminishing Return. This explanation, like the other branch of the Ricardian theory, is extremely pretty, and has the additional advantage that it can be illustrated by diagrams. A diagram always appeals to the imagination. The laziest of readers when he sees a neat little diagram, and is told that one line, by distances measured along it,

[1] Thorold Rogers, *The Economic Interpretation of History*, p. 270.

[2] ' See Marshall's *Economics of Industry* and *Principles of Economics on the subject of rent*.

represents the farmer's "doses" of capital, another in a similar way the successive returns obtained, and a third line—a wavy one—the rate of return per dose, at once grasps the whole theory, or thinks he does, and accepts without a murmur the conclusion, that a certain area included between these lines must be the landlord's rent, and another area the farmer's profit. Nothing could be more beautiful—only it is not true. That is to say, the theory, with or without diagrams, does not explain, even approximately, the growth of rent in the majority of cases where rent has grown.

The essence of the theory is that rent begins when the point of diminishing return has been passed. As a matter of fact, on ninety-nine farms out of a hundred now paying rent, the point of diminishing return has not yet been even approached. The capital that in theory ought to be spent on the land is not spent, for the simple reason that the farmer has not got it to spend. This unpretentious fact at once reduces the Ricardo-Marshall theory, adopted by Henry George, to its proper position as an ingenious intellectual exercise. Its abstract, unreal character has been sufficiently exposed by that most cautious of economists, Professor Sidgwick—

"It is misleading," he writes,[1] "to speak of the 'last dose of capital which pays no rent' as if this 'dose' were an element definitely ascertainable in the business reckonings of an ordinary farm. … The art of agriculture has not yet reached the degree of exactness that would be required to ascertain even approximately in any particular case the portion of capital that is to be regarded as paying no rent. Thus"—with regard to the changes following on the recent fall in the value of English wheat—" the most that can be said is, that the fall of prices has caused a general tendency to diminish expense in farming wherever it can be diminished: and even this is in many cases merely due to loss of capital, and is in consequence a tendency to farm more cheaply than is really economical."

The narrowness of the Ricardian theory.—But perhaps the most sweeping condemnation of the Ricardian theory is to be found in the fact that Ricardian theorists invariably argue as if the only crop obtainable from the soil were a crop of wheat. All their arithmetical

[1] Sidgwick, *Principles of Political Economy*, p. 287.

calculations and geometrical diagrams are based on this tacit assumption. But the uses to which land can be put fall little short in number of the wants which human beings can feel; and for any one of these uses the landless man will in general be willing to pay some price to the landlord. It is, therefore, on the face of it absurd to attempt to deduce the law of rent for all land from reasoning drawn solely from one use of land.

The fundamental attribute of land.—And curiously enough Professor Marshall, who has taken so much pains to elaborate the Ricardian theory, elsewhere points out the multifold utility of land, and states, more clearly than any other writer has yet stated, the essential attributes which distinguish land from other commodities.

"When we have inquired," he writes, "what it is that marks off land from those material things which we regard as products of the land, we shall find that the fundamental attribute of land is its extension. The right to use a piece of land gives command over a certain space—a certain part of the earth's surface. The area of the earth is fixed; the geometric relations in which any part of it stands to other parts are fixed. Man has no control over them." And again:—"The use of a certain area of the earth's surface is a primary condition of anything that man can do; it gives him room for his own actions, with the enjoyment of the heat and the light, the air and the rain which nature assigns to that area; and it determines his distance from, and in a great measure his relations to, other things and other persons."*1

Let us take this admirable statement as the basis for a further investigation of the theory of rent. Only before starting on the task, let it be clearly understood that we do not expect to discover any simple law, that may be expressed in algebraic formulae or illustrated with geometric diagrams. Our only object is to arrive at a clearer understanding of the way in which the general phenomenon of rent affects particular proposals for land nationalization.

The law of supply and demand as applied to land.—First then, when a man offers to hire a piece of land he must have in view one or more of the numberless uses to which land can be put; and the advantage that he expects to derive from the occupation of the land for that purpose, will influence him in his estimate of the price—the rent—which he should pay. But this consideration will not necessa-

rily, will not even probably, determine the rent that is finally agreed upon. Our particular applicant for land, and the particular proprietor with whom he is bargaining, are not alone in the world. There are other pieces of land on the earth's surface which will suit the applicant as well or nearly as well; there are other applicants, actual or potential, willing to come to terms with the landlord. The final price agreed upon will therefore be determined—after such bargaining as is possible between the two parties—by the Law of Supply and Demand. "When there's two pigs in the market and only one buyer, pigs is cheap; when there's two buyers and only one pig, pigs is dear," said the old farmer, and the law of supply and demand has never been better stated.

The supply of land.—Obviously, however, this statement does not exhaust the question of rent. To say that the rent of a piece of land is determined by the law of supply and demand, is useless except as a prelude to an explanation of how this universal law of price operates in the case of land. In other words, we must consider what circumstances create the demand for land or alter the effective supply of land; for though the final supply of land is unalterably limited by the size of the globe, the effective supply of land at any given place for any given purpose is constantly modified by social conditions. For example, the establishment of a service of fast steamboats from St Heliers to Southampton may render the soil of Jersey as effectively available for the purpose of growing potatoes for the London market, as if the whole island had been taken up bodily and dropped down in Kent. Or again, the supply of land effectively available for dwelling houses in any given district of London may be suddenly diminished by the construction there of a wide-spreading railway terminus, and as suddenly increased by the running of daily cheap trains to and from the country.

The "cost of production" of land.—Such illustrations might be multiplied almost *ad infinitum*, but the practical point we have to consider is how these modifications in the supply of land ultimately affect its price. In the case of most commodities there is a well-understood connection between the price of the commodity and the cost of increasing the supply of that commodity. Where competition is keen and free, the price of an article tends to equal the cost of producing more specimens of the same article. Does the same thing hold

true of land? Is there in fact any cost of production in the case of land?

The land nationalizer, especially if he be a theologian, will at once answer that the land was created by a Divine Maker and delivered as a free gift to the human race. This was a favourite assertion of the late Mr. Henry George,[1] but even his most loyal followers must admit that the land which God gave to the human race was only partially suitable to human purposes. Many broad fields that now carry rich crops of wheat were, when man took them over, but stagnant marshes breeding pestilence; the Weald of Kent, now covered with orchards and hop gardens and acres of dwarf fruit, was once a solid forest. It is man who has drained the marsh, and man who has cleared the forest. More than this. On particular areas of land, human labour has fenced off one field from another; has dug ditches and water-courses; has cut roads to give convenient access to the different fields, and erected suitable buildings in the spot where they are likely to be most serviceable. In brief, a farm has been produced.

The thing called a farm.—Let us concentrate our attention for a moment on this product of human labour—this thing, this farm. It has been produced by processes which are essentially similar to those involved in the conversion of wheat into bread, or pig-iron into penknives. In each case man has availed himself of the forces of nature, so far as they go, and utilized them in co-operation with his own muscles to produce a thing he wants. The thing once produced must take its chance in the market. It may fetch far more than will repay the producer for the expenses of production; it may go for an old song. But if it is a thing constantly asked for and constantly supplied, then, as was just said, its price, so far as competition is keen and free, will tend to an equality with the cost of producing a similar article. In the case of a farm there is not the same ease of production, nor quite the same regularity of demand, as in the case of a penknife. The farm is a fixture on the earth's surface. Other farms cannot be brought to precisely the same spot to compete with it; nor, as a rule, will applicants coming from a distance wish for it so strenuously as the men

[1] But land has no cost of production, since it is created by God, not produced by man."—Henry George, *The Condition of Labour*, p. 17.

living in its neighbourhood. In other words, the fixity of the commodity called a farm limits competition in both directions. But when due allowance has been made for these considerations, it is clear that the cost of production does to some extent affect the price of farms; for a farmer will in general be willing to pay for a ready-made farm, at least as much as it would cost him to make a similar farm for himself. Part of this payment is in practice made in a lump sum to the outgoing tenant, for such improvements of his own making as the law of England allows him to appropriate. The rest is included in the annual rent paid to the landlord.

The attempted distinction between original fertility and added value.—Mr. Henry George, following Ricardo, recognizes this, but would reply that he separates the value that has been added to the farm by human labour from the original value of the land in a state of nature. The payment for the first item is interest on capital; it is only to the second item that the term rent belongs. Like the rest of the Ricardian theory, the distinction is beautiful when looked at from a distance, but it will not bear contact with every day facts. It fails indeed at the very outset; for if part of the rent actually paid is interest on capital, clearly it is necessary to know on what capital sum interest is to be allowed. Is it on the whole capital that has been put into the soil in times past? If so, even if the rate were fixed so low as two and a half per cent., then on most English farms the margin left for the "original fertility of the soil" would be reduced to a minus quantity. While if we decide that interest is to be allowed only on that part of the past expenditure which can be traced in the present value, we are met by the absolute impracticability of the proposed investigation. For even if we possessed the complete records of a farm for a hundred years back, or any period that we care to take as sufficiently remote, it would still be impossible to ascertain how much of the present fertility and convenience of the farm was due to human labour, and how much was derived from the original condition of the land. Nature works rapidly in the open air, and a momentary neglect on the part of man may set back his work for weeks or months or years. Part of the labour put into the soil may at any time be swallowed up, like manure spread upon a sand-bed, while another part will express itself as a valuable addition to the advantages of the land. But, after the lapse of a few years, the completest ledger record

will not be sufficient to determine what present results are due to what past operations.

Professor Sidgwick's definition of rent.—On these grounds it is far wiser, as Professor Sidgwick has done, to abandon altogether the subtle distinctions attempted by Ricardo and his followers, and to use the term "rent" in its "ordinary sense to mean the price paid for the use of land, whatever be the source of its utility."[1]

Have building sites a "cost of production"?—In applying this definition to land intended for buildings, it must be noticed, that as regards the actual site itself there is no gradual accumulation of fertility or convenience as in the case of a farm. A site must be dealt with *de novo* for each succeeding house placed upon it, and all the previous work upon that plot of land must be wasted.

This, however, is not the case with the approaches to a site, and with the sewers leading from it. *Ceteris paribus*, a man will pay more for a site with a well-made road leading up to it than for a plot of ground that can only be approached by a cart track. Consequently the first thing that a landowner does when he wishes to convert waste or agricultural land into building land is to lay out convenient roads, properly metalled and with sewers underneath.[2] A proportional part of the cost of this work of necessity enters into the price, or rent, that a speculative builder or private person will be willing to pay for one of the sites thus rendered available. It is true that in the centre of large towns this original cost of production has long been overlaid by other elements that go to make up the price of building land. But in new towns or residential districts, deliberately laid out with the view of attracting residents, such as Eastbourne or Bedford Park, it is probable that the whole of the capitalized rent of each site is but little in excess of the cost of making that site. It must be admitted, however, that such cases are probably exceptional. As a general rule,

[1] Sidgwick, p. 283.

[2] Here, for example, is an extract from an auctioneer's circular adver tising the sale of a building estate:—

"The roads are made and formed with an extra thickness of metalling. The estate is well drained, the dual system for sewage and surface water having been adopted, and connected with the main drainage system of the town. … The cost of the completion and maintenance of all roads and footways, as shown on the Sale Plan, and of all sewers, will be borne by the Vendors."

long before agricultural land is actually built over, it has begun to rise in value because many persons have begun to appreciate its advantages as building land. Consequently even the first tenants pay for their sites a rent that may very far outstrip the cost of production.

The "cost of production" of mines.—To pass to another use of land, we find that in the case of mines the question of rent is complicated by the progressive exhaustion of the mine. There is indeed for every mine in one sense a very obvious "cost of production," namely, the cost of sinking the shaft, erecting a wheel, propping up galleries, &c., &c. And for these advantages, where they exist, a colliery master would be willing to pay a rent equivalent to the cost of re-creating them elsewhere; only the very presence of these advantages is *prima facie* evidence that the mine has been to some extent worked out. In other words, it cannot be inferred that an existing shaft and galleries are a real addition to the original value of a mine, in the same way that good roads are always an addition to the value of a farm or a building estate. All we can say is, that a mine cannot be "produced" without the initial labour of sinking a shaft, &c., and the cost of this operation will be taken into account by a colliery master bidding for the lease of a ready-made mine.

We have shown then that there is generally an element in the price of land corresponding very closely to the element called "cost of production" in the price of other commodities. The difference is that land being fixed in one spot, the cost of production of a piece of land for a particular purpose can never affect its price in the same systematic way in which cost of production regulates the prices of penknives. Two penknives can be identical in every respect, but two pieces of land cannot; if in no other respect they must always differ in geographical situation. Consequently while the cost of supplying land for any given purpose does undoubtedly affect the price of land, the important consideration in determining rent is Demand.

The demand for land.—And the first point to be noted about the demand for land is that a different demand comes from different classes of people. The Ricardians say that the rent of a piece of land measures the superior advantages of that piece of land over land that pays no rent. The statement if true would be little better than a truism. But is it true? Advantages do not exist in the abstract; there must be some person to appreciate them. For whom then does the Ri-

cardian law measure the rent that should be paid? A well-to-do farmer will offer for good land in Kent with farm buildings attached eighteen shillings an acre; one of his labourers will offer for a strip of the same land, without buildings, a shilling a rod, or eight pounds an acre. A railway company gets five pounds an acre for labourers' allotments carved out of surplus land that no farmer would pay a penny to hire.

Nor need we confine ourselves to this palpable contrast between the rents paid by labourers and those paid by farmers. The class of farmers itself is not homogeneous. The rent per acre paid by a farmer of a thousand acres will not necessarily be the same, will probably be much less, than the rent paid for exactly the same quality of land by a fifty-acre farmer, due allowance in each case being made for the value of the buildings. And the reason is simple. The number of professional farmers who possess sufficient capital to farm fifty acres is considerably greater than the number of farmers who could venture on a farm of a thousand acres; consequently there will in general be a keener competition for the smaller farms.

Thus, even for purely agricultural purposes, the demand for land is by no means such a simple matter as the Ricardians assume it to be. But the uses of agricultural land are not confined to agriculture. Land that might be made into a farm, may be made into a park; land that would command a low rent as a sheep-walk, may command a high rent as a deer forest; land worth five shillings an acre to plough, may be worth a pound an acre as a poultry farm. Where does the Ricardian ready-reckoner come in here?

The truth is that almost the only generalization we can make about the demand for land is this—That it depends ultimately on the demander's anticipation of the profit or pleasure to him to be got out of the land. And as nearly every want of human beings involves some use of land, an increase in the prosperity of a community—which means always a multiplication of wants—will generally cause an increased demand for land.

The effect of improvements upon rent.—Descending from this general statement, that rent grows with the growing wealth of the community, let us come to particular considerations. And first, if we regard land for the moment solely as an instrument of production, not as an object of pleasure, it is clear that any invention which increases

the utility that can be extracted from the soil with a given amount of labour will generally increase rent. For the occupier of the land now finds that his labour or capital is rewarded at a higher rate than formerly, and therefore, un less there is an accompanying rise in the standard of living among men of his class, competition will compel him to pay over this excess remuneration to his landlord.

In practice improvements in the art of industry are generally accompanied by an improvement in the standard of living; the two are in fact only different expressions of an increased mental activity. Consequently though the landlord may, as has been well said, skim off the cream of any particular improvement, the milk that remains behind will be worth something more than pigs' food.

An increase in rent rarely accompanies an increase in poverty.—On the other hand, it must not be forgotten that the landlord can on occasion profit by an actual fall in the standard of comfort. It is indeed this aspect of the operation of rent that seems to have taken exclusive possession of Mr. George's mind, and to have inspired his fancy pictures of the human race groaning under the slavery of private ownership of land. The cases, however, where this does occur are happily rare. One of the best instances is that of the rent of agricultural land in England at the beginning of the present century.

The population under the artificial stimulus of the Poor Law was increasing rapidly; a series of bad harvests fell one after the other upon the country; foreign wheat was shut out; the price of bread rose enormously; so also did rents; the wages of labour fell piteously. In this case it was indeed out of the misery of the labourer that the landlord ground his rents.

Such instances, however, it may be safely asserted, are extremely rare; as a general rule it is not the growing misery but the growing prosperity of the mass of the community that leads to a rise in rents.

Successive rents for the same piece of land.—Another point, important to note, is the way in which rent is affected by the multiplicity of uses to which land can be put. For example, strawberry-growing is under suitable conditions a very profitable use of land. The conditions are that the land must be of fair quality, and within an easy distance of a good market. Such land will command a high rent, and we will suppose that a fruit-grower in order to save this rent moves off to what a Ricardian might call the "margin of cultivation"

for strawberries. Will he there find land at no rent? Certainly not. For though the land is worth nothing, beyond the grower's bare profit, for strawberry growing, it may be worth an appreciable rent for other purposes, say stock-rearing; and there is no reason why the owner of the land should forego this rent in order to gratify a particular strawberry-grower.

This consideration is of fundamental importance in the theory of rent, for it at once disposes of the Ricardian paradox that the rent of land does not enter into the price of commodities. The Ricardian, arguing as if the soil of the British Isles had no conceivable utility except to grow wheat, contends that the price of wheat is fixed by the cost of its production on the worst land, and that therefore the rent paid for the use of the best land is not the cause, but the consequence, of the price of wheat: hence the landowner only intercepts the extra profit that would otherwise go to the farmer of the best land; and the public is not affected by this private arrangement. All of which would be true if wheat were the only commodity extracted from the land. But even one alternative use for land upsets this calculation; for it may create a minimum rent below which even the worst wheat land will not fall. If so, this minimum rent, since it enters into the price paid for all wheat land, must enter into the cost of production of all wheat.

In England, as a matter of fact, there are few acres of land under any sort of cultivation of which the possible uses are not nearer twenty than two; and it may safely be said that within the limits of the United Kingdom occupied rent less land is impossible to find. In making this statement one does not forget that at the present moment there are farms lying vacant which the owners declare they would be willing to let rent free, Yes; but for how long? For just so long as may be necessary for the tenant at his own expense to bring back the farm to a condition of high fertility. To say that such a farm is let rent free is an abuse of language.

Some rent enters into the cost of production of commodities.— However, whether there be or be not rentless land in England, does not seriously affect our present argument. The point is that each lower, i.e. less profitable, use of land makes a minimum rent for

every higher use.[1] To take only broad distinctions, agricultural rents form minimum rents for market-gardens, and the rent for market-garden land forms a minimum rent for town building-land. Within a town, too, it is possible to trace the gradations of rent as the number of profitable uses for the land increases from circumference to centre. In the suburbs of London land is available for few except residential purposes; in the heart of the City there is a possibility of a hundred alternative uses for any square rod of land.

The most profitable of these—e.g. the robbing of guileless clergymen by promoting bogus companies—must pay per square foot of land at least as much rent as would be paid for a less profitable use of land, a few hundred yards away from the centre. And for this reason, that "the margin of cultivation" for bogus company offices is reached at about a furlong from the Stock Exchange. Beyond this distance it would not be profitable for the company promoter to open his den. But such a site would be excellent for an accountant's office, or for a manufacturer's show-rooms, or for scores of other purposes. The best rent payable for any of these purposes will be the minimum rent below which no company promoter can get a site for his office. To this extent, then, the cost of production of bogus companies is really enhanced by the item of rent—a fact which will perhaps help to console the eminently respectable victims of the City freebooter.

Again, to take an illustration from another industry, where coal is discovered beneath the surface of corn-fields, the coal-master must pay for all the surface land that his operations require, at least as much rent as the corn-fields commanded. In practice he will generally pay much more, because digging up coal is, as a rule, a more profitable business than growing corn. But while such extra rent as he may pay will be a consequence, not a cause, of the high price of coal, the rent that the land was worth previously for agriculture will be a necessary item in the coal-owner's expenses of production, and will help to determine the price at which coal could be sold.

[1] This point has been admirably brought out by Mr. J. A. Hobson. See, for example, an article in the *Quarterly Journal of Economics* for April 1891.

Rent, Interest, and Wages.—Indeed the way in which the three elements of production affect price is almost identical. It is the minimum rent of land for a particular purpose that affects the price of the commodity produced; any rent above this minimum will be a consequence of price. In the same way, the average interest on capital must be paid, or allowed for, as a minimum before profits can be calculated. And as regards wages of labour, it is the wage of the average workman that forms the basis on which the expenses of production should be calculated; any extra wage paid for exceptional skill or ability is only an equivalent, if even that, for the extra profit that the good workman brings.[1] The good workman commands in fact a specific rent, over and above the normal wage in his profession, just as the exceptionally good soil or good site commands a specific rent over and above the rent of the soil or site least suitable for the particular purpose in view.

These considerations have been insisted on at some length, because they help to dispose of the absurdity that rent is no burden on the community. Obviously that part of rent that does enter into the expenses of production is a burden, making itself felt through the agency of price. On the other hand, specific rents for exceptional advantages are undoubtedly the consequence, not the cause, of price, and are only a burden on the community to this negative extent, that they could conceivably, by taxation, be taken away from private individuals and devoted to the public weal.

[1] So far as manual labour is concerned, this point has been profusely illustrated by Mr. Thomas Brassey, the great contractor, in his book on *Work and Wages*.

Chapter V.
The Burden of Local Rates.

The preceding chapter, it is to be hoped, has cleared the way for considering the practical question of how taxes upon land affect different classes in the community. Obviously this question is of fundamental importance in any scheme of land nationalization; for even those reformers who, like the English Land Nationalization Society, are mostly concerned with the problem of administering the land, cannot, and do not, ignore the question of taxation. And yet there are few points in the whole range of controversy about which all parties talk so loosely.

Who pays local rates?—Local rates afford the best example of this vague and often self-contradictory talk. They are a charge upon real property, payable in the first instance by the occupier. Is he also the final payer? That is the whole matter in a nutshell. But the answer to this apparently straightforward question seems to vary with the shifting mood of the person who undertakes to deal with it. When, for example, a proposal is made in the House of Commons by a Tory Government, that local rates should be relieved by contributions from the national Exchequer, Liberal and Radical members will denounce the proposal as a bribe to the landowning classes; while the Tories will contend that it is the poor distressed occupier whom they wish to relieve. A few months later the Liberals will be proposing some reform of the present rating system, in order to relieve the overburdened occupier;—and the Tories will reply that it is the owner who pays the present rates. This is no fancy picture. It is a matter-of-fact description of discussions that have taken place in the House of Commons a score of times within the last twenty years. This apparent self-contradiction arises from the essential difficulty of the subject. The facts visible on the surface are often extremely different from the facts that exist below, and the difference in the facts seen naturally leads to a difference in the theory formulated. Moreover, in practice, rents are constantly affected by other than economic considerations, and yet, in theorising about them, politicians and economists are of necessity driven to use, exclusively, economic arguments. Under such conditions it is not surprising that diametri-

cally opposite theories should be put forward with equal conviction and honesty.

In order to get to close quarters with this problem let us go back to the theory of rent discussed in the previous chapter. It was there pointed out that any individual in applying for land would first consider what the land was worth to him for the purpose or purposes for which he wanted it, and this consideration must determine the maximum price that he is willing to pay. He may give less than this, but if he is a free agent he will not give more, whether he is applying for a thousand-acre farm or a half-acre allotment; a coal-mine or an apple-orchard; a suburban villa or a cotton factory. In every case he considers what the thing he is applying for is worth to him, and then fixes his maximum payment. But whether the whole of this payment goes to the legal owner of the land, or whether part is taken by a local authority, clearly does not affect the tenant as tenant. Consequently, if the applicant in the course of his bargaining finds that the farm or villa he wants is burdened with a local charge, he will deduct that charge from his estimate of what he can afford to pay the owner.

Arthur Young's rule for ascertaining rent.—Here, for example, is the advice given to applicants for farms by Arthur Young in his Farmer's Calendar published at the beginning of the nineteenth century.

"*Ascertainment of Rent.*—This is a very important part of the business in hiring a farm. … The principal point here necessary to touch on, is the combination of rent, rates, and tithes in one sum. Knowing the capital intended to be invested, estimate the interest of it at not less than lo per cent., and then calculate the expenses and the produce: the former deducted from the latter, leaves that sum which the farmer can afford to pay in these three species of rent. Deduct further the tithes and rates, and the remainder is what he can afford to pay the landlord. If rent be valued in any other way, it must be erroneously and deceitfully done, and no dependence can be placed upon it."[1]

In practice there is little doubt that the majority of intending tenants, both in town and country, do take the precaution of inquiring what rates or taxes they will have to pay, and vary accordingly their

[1] Young's Farmer's Calendar, p. 485.

estimate of the maximum rent which they can afford to pay. If, then, they always paid this maximum we should be entitled to say that the whole burden of the rates fell upon the landlord; for clearly he would have obtained still more rent if there had been no rates. In practice, however, most tenants, whether of house or farm or factory, obtain their tenancies for considerably less than the maximum they would have been willing to pay, and this fact greatly alters the whole aspect of the problem. The effect produced can best be seen in those tenancies where the landlord contracts to pay the rates. In such tenancies, which are especially common in the case of workmen's houses, it is usually argued that the landlord recoups himself for the rates by exacting a higher rent, and by way of proof people point to the fact that an increase in the rates is often followed by an in crease in rents. But this can only occur when rents are tending upwards in consequence of a growing demand for houses. If there were a decline in the demand for houses there could be no increase in rents, whatever burdens might be imposed on the landlord. What really happens is that an increase in local rates furnishes an excellent excuse for raising rents that have been allowed to remain lower than the market value. A general upward tendency of rents in a district will not, of its own accord, produce an increase in the rent of a particular house. The actual moment must come when the landlord goes to his tenant and tells him that, for the future, his rent will be raised from 6s. a week to 6s. 6d.; and any landlord, however crudely commercial he may be, will prefer that this moment should be preceded by some event which will give a plausible excuse for the unpleasant message.

Free Education and increased rents.—It must be admitted that some landlords are easily satisfied in the matter of plausibility. If the accounts that appeared in provincial papers were correct, many owners of working class houses found in the Free Education Act of 1891 an excuse for exacting more rent from their tenants. The fact seems startling, but there is no economic mystery about it. By the abolition of school fees the available income of every working-class parent was increased, and therefore the average tenant could, after the passing of the Free Education Act, afford to pay more rent than previously. If he was living in a district where rents had been previously rising, his new prosperity would be the landlord's opportunity, and he would now be asked for the rise that in strictness the landlord could

have exacted earlier. In this case the abolition of fees would be the excuse, not the cause of the rise in rent. It may, however, have happened that the remission of fees was in some cases the cause of as well as the excuse for increased rents. For the poorer parents having more money at their disposal would, some of them, wish to secure better house accommodation. There would consequently be an increased demand for the better types of working-class houses, while the supply of such houses could not be increased at a moment's notice. The rents of such houses would consequently rise, and their occupants might even be compelled to pay to their landlords the whole of the school fees remitted by Parliament.

These illustrations are given for the sake of showing how the rents of houses are forced up by circumstances not immediately connected with the houses themselves. That phenomenon, it may be added, is not confined to house property. All commodities are liable to be affected by it. For example, when bread becomes cheaper people can afford to spend more on meat, and their increased purchases send up the price of meat and cattle. Thus the same cause which depresses the industry of the corn grower will inflate the industry of the grazier, a truth which is popularly expressed in the saying: Down corn, up horn!

Let us return, however, to the workman's house and the rates upon it. In the case dealt with, if the landlord had already been exacting the maximum that the tenant could afford to pay, he clearly could not have raised the rent because of the imposition of an increased rate. It was because the rent was below the maximum that there was a margin for a further turn of the screw. But when the screw has been turned, and the landlord is getting his full pound of flesh, who then pays the rates? Clearly the landlord. For if the local authority failed to ask for the rate the landlord would keep the money in his own pocket. There is absolutely no reason to believe that he would return it to the tenant. By hypothesis the tenant pays in rent all that he can be compelled to pay, and he has nothing to do with the disposal of the money after he has paid it. If there were no rates the landlord would keep the whole for himself; as there are rates he has to hand over some of the money to the local authority. Hence we arrive at the conclusion that, where-ever a landlord is exacting a full economic or rack rent, it is he who bears the full burden of the rates. And this is

true not of house property only but of all other rentable and rateable subjects. It is true of farm or factory or warehouse or office, and it is, in effect, little more than a particular expression of the general truth that a man cannot have his cake and eat it. If a landlord screws the uttermost farthing out of his tenant, then he must him self provide out of his own pocket whatever sum the local authorities demand. This will equally happen whether the landlord or the tenant is the person legally liable for the rate, for if the tenant contracts to pay the rates he will reduce by that amount the sum that he agrees to pay in rent.

Leaseholders and new rates.—But it may be urged, supposing a tenant has taken a house on a lease, and that during the period of the lease a new rate is imposed, clearly the rate will fall upon the tenant. Of course it will, up to the end of his tenancy, if he has bargained to pay all rates while the tenancy continues. New rates, however, do not drop from the sky. What we have to deal with in practice is not any entirely unexpected new rate, but the steady growth of old rates. Surely this steady growth, noticeable in almost every town in the kingdom, will be taken into account by a prudent tenant, and he will make his bargain accordingly. There is good reason to believe that the majority of middle-class and upper-class tenants, and these are the classes principally concerned, do seriously consider the question of rates, and the possibility of their increase, when looking for houses. A careful investigation would probably show that houses or flats where the rates and taxes are paid directly by the landlord, let at a proportionately higher rent than those where the tenant is immediately liable. For example, take a house or flat that the landlord is willing to let at £90 a year; rates and taxes being estimated at about £30 additional, so that the total cost to the tenant would be about £120. In such a case, if the landlord undertook to pay rates and taxes, and thus remove all elements of uncertainty, many tenants entering upon a lease would be willing to settle for a total rent of £125, or even £130. This consideration is probably one of the many reasons why modern flats command relatively high rents.

In London, however, the immediate landlord is rarely the owner of the freehold; he is probably a builder who has hired the land on a long lease. Here then, it may be argued, the actual owner of the land escapes taxation, the whole burden being borne by that useful person,

the speculative builder, who risks his capital to provide houses for his fellow-men. Certainly not. The builder, when he makes his bargain with the freeholder, knows perfectly well that the local rates which he undertakes to pay have a tendency to rise, and he estimates accordingly. It is as much part of his business to allow for rates and taxes as to allow for the cost of bricks and mortar.

If the rates are high the builder will argue to himself that he is less likely to make a profit on his speculation. He will either have to charge a higher rent or to offer an inferior house, and in either case his chances of letting at a profit will be diminished. In face of these very obvious considerations he will be compelled to offer a lower price or rent for the land, so that it is the ground landlord who will suffer.

Holland Park.—This conclusion is so important that it is well to look at it from every point of view. As a particular illustration let us take the case of Holland Park. The owner of this historic ground some years ago let off a portion of it on building lease. Substantial private houses were built, and for the site of each a ground-rent of £100 was charged.[1] The houses are now subject to heavy rates, payable to the Kensington Borough Council and the London County Council. They are also subject to the Imperial Inhabited House Duty, and possibly the assessment for the Land Tax may have been increased—this last probably a trifling matter. All these charges are payable either by the occupier of the house, or by the leaseholder who built it. The owner of the soil will hear nothing of them until, at the end of the lease, the house which he did not build becomes by the law of England his. Apparently then the owner of Holland Park escapes all taxation except income tax on each £100 of ground rent. In reality every charge falls upon him; for were these local and Imperial charges removed, the occupants of the houses would be able and willing to afford so much more house-rent, and the leaseholder, knowing this, would have been able and willing to pay so much more ground-rent. The matter, in fact, is purely one of private bargain; and if the owner of Holland Park cared to make a profitable speculation

[1] I think this is the actual figure, but it is a matter of no consequence to the argument.

he would offer to make himself liable for all rates and taxes upon his estate.

At this point an astute reader may suggest that if the above argument is sound nobody has any right to complain of local rates except the ground-landlords; yet as a matter of fact it is usually the tenants who complain of the excessive and ever-growing burden of the rates. The answer to this very plausible criticism is twofold. In the first place, people always complain more of payments which they make themselves, with their eyes open, than of burdens which they do not see. Consequently, a tenant, even though he has made full allowance for the rates in his agreement for rent, will still grumble when the day comes round for paying the rate. At the same time the landlord, although he knows that his rent has been reduced by the amount of the rate, will be less actively indignant, because he does not have to pay the rate with his own hand. This consideration by itself would suffice to explain why occupiers are even more vigorous than owners in denouncing the increase of rates. There is, however, a further consideration, which is perhaps still more important. It will be noticed that the whole of the above argument proceeds on the assumption that the tenant is paying the maximum economic rent. In practice, however, this rarely happens. Even in the east end of London, where the grasping landlord is a favourite object of popular indignation, it will be found that in numerous tenements the outgoing tenant can obtain what is called "key money" from persons who wish to succeed to the tenancy. The new-comers, by obtaining the key, are able to take possession of the rooms, and thus to establish a quasi-equitable claim to be accepted by the landlord as tenants. In effect, there is a tenant right, which the outgoing tenant can sell to the incomer. This would be impossible if the tenement were rack-rented in the full economic sense of the term. Therefore, even in districts where rack-renting of the severest type is supposed to exist, there is still a margin between the full rack-rent and the actual rent paid. In other districts this margin is far more considerable. Happily for England, most English business men understand, and act upon, that best of business maxims: Live, and let live. There are few landlords who attempt to squeeze the uttermost farthing out of their tenants. There are many who allow a moderate rent to continue for many years unchanged. In such cases any new rate that the tenant is called upon to pay will be

really borne by him, for he cannot throw it back on his landlord. He is already in enjoyment of what must be classified as an advantageous rent, and if he asked for a further reduction because of an increase in the rates, he would probably be met with the statement that the time had come to increase his rent, not to reduce it. There are undoubtedly many poor persons—little shopkeepers, and others—in this situation, and on them the burden of increased rates falls with cruel severity.

Summing up the whole argument, then, we arrive at this final conclusion: That whenever a landlord exacts the full rent that he can demand he will have to bear the whole burden of the rates himself. On the other hand, wherever he lets his property at an indulgent rent, part of the burden of the rates will be borne by the tenant. Having reached this point we are in a position to examine different proposals that have been made for the reform of local taxation.

Chapter VI.
The Taxation of Land Values.

During the last quarter of a century many suggestions have been put forward for the reform of local taxation. Some of them have been forgotten almost as soon as they have been made, and to-day the only proposal that has any popular following is a demand for the special taxation of land values. This demand has its origin in the theories of Mr Henry George, and its most vigorous supporters evidently regard the schemes that have been submitted to Parliament merely as a step towards the complete realization of Mr George's ideals. On the other hand, there are many people who care little for Mr George's theories—or for any other theories—but who fancy they see in the taxation of land values a convenient device for reducing local rates. It is from this latter point of view alone that the proposal will be examined in the present chapter.

Fortunately, this examination has been greatly facilitated by the work of the Royal Commission on local taxation. That Commission, which was an exceptionally strong one, examined carefully all the schemes for the special taxation of land values which had been suggested up to the date of its report, early in the year 1901. It heard numerous witnesses, and it received voluminous memoranda. Finally, a majority of the Commission reported that in their judgment it would be unjust to impose a new and special tax on land as distinguished from other forms of property.

"The advocates of what would be in effect a new land tax, to be applied in aid of local expenditure, have failed to convince us that it would be equitable to select a particular class of rateable property for the imposition of a new and special burden. No new tax on land appears to us to be required to meet any special expenditure incurred by local authorities for its benefit, nor does land differ so essentially from other property, as regards the alteration of its value from time to time, as to justify it being rated exceptionally."[1]

The Minority Report.—This was the verdict of the majority of the Commission. An important minority, however, drew up a separate

[1] Cd. 638, p. 44.

Report, and this Report is often appealed to by various land taxers, who cannot have read it, as an unanswerable authority in support of their proposals. The signatories of the report were Lord Balfour of Burleigh, Lord Blair-Balfour, Sir Edward Hamilton, Sir George Murray, and Mr James Stuart. These five commissioners frankly favour the principle of a special tax on site values, but, as will presently be seen, they emphatically condemn every one of the definite proposals that has yet been put forward. Indeed, the final reason which they assign for a special tax on land values is, that the imposition of such a tax "would conduce to the removal of some widely spread misconceptions," and "would show that there is no large undeveloped source of taxation available for local purposes, and still less for national purposes."

A third Report was issued by one member of the Commission alone, Mr Arthur O'Connor. It is only in this last Report that we find any real acceptance of the doctrines put forward by the Henry Georgeite school. Mr Arthur O'Connor holds "that land and land only should be rated for local public services." He thus accepts the main principle on which the proposal for the taxation of land values is based. But it is important to note that even he, the sole member of the Royal Commission who accepted this doctrine, differs on one fundamental point from many of the most eager advocates of a special tax on land values. It is in Glasgow that the doctrines of Mr George seem to have established their strongest foothold, and the Glasgow Corporation has been so far influenced by the active agitation of the Henry Georgeites in that city, that it has promoted a Bill of its own for the special taxation of land values. This Bill differs fundamentally from the English Bills having the same general object in view, for, whereas the English Bills would respect existing contracts, the Glasgow Bill, in defiance of any contracts that may exist for the payment of rates and taxes, provides that the new rate shall be levied upon the ultimate owner of the land or of any feu-duty or ground-rent rising out of the land. The effect of this proposal can best be shown by taking the common case of a house let on lease where the tenant contracts to pay all local rates. It is obvious that in such a case the tenant will pay less rent than he would pay if his landlord were liable for the local rates, or for part of them. He makes his bargain with his eyes open, and, presumably, it suits him as well

as his landlord. Under the Glasgow Bill, however, this very common and mutually convenient arrangement would be ignored, and the tenant would be entitled to deduct, from the rent he contracted to pay, the full amount of the new rate, and this would be used in relief of the burden of local rates, although he had promised to bear the whole of that burden during the continuance of his lease.

Existing contracts.—Most people, without further parley, would condemn such a proposal as essentially immoral. The point I want here to make, however, is that it is condemned even by the solitary member of the Royal Commission who accepted Mr George's theories. Writing on this point Mr Arthur O'Connor says :

> "It is manifest that equity requires that all existing contracts should be absolutely respected. It may be that many of them will have to run, not for years only, but for lives, and longer. No matter; for though there would appear to be, according to the view taken in this Report, much that is inequitable in the present arrangements, and much that calls for change in the interests of the public, yet a disregard of contractual relations would be a more serious injury to the public than even the existing system of rating."

In that opinion I believe that every man will concur who gives a moment's careful thought to the matter. If commercial contracts made by adult persons in full possession of their faculties can be cancelled at the will of a Parliamentary majority, no man's business would be safe. That security which is essential to the progress of an industrial community would be destroyed; enterprise would be checked on every hand, and the very first to suffer, and the last to recover, would be the poorest members of the community. It may be added that even if Parliament, in a fit of predatory madness, were to ignore these general considerations, the practical difficulties in the way of disregarding contracts would prove insuperable. To illustrate these difficulties it is sufficient to mention that a man is free at present to realize the value of his land in many ways. He can sell it and pocket the price; or he can sell it and leave part of the purchase money on mortgage; or he can feu it—i.e. lease it in perpetuity for a fixed rent—or he can lease it for a term of years. It is obviously unjust to pick out for penal taxation the man who has selected the third

or the fourth of these methods, and to leave unscathed the man who has selected the first or the second.

A new burden on present ratepayers.—We are therefore, driven inevitably to the conclusion that existing contracts must be respected. But what follows?

The public has been told that the taxation of land values will lighten the burden that now rests on the ratepayer. Pictures have been drawn of great noblemen in possession of colossal fortunes derived from ground values, and political orators have pointed to these fortunes as a fit subject for special taxation. But if existing contracts are to be respected, as they must be, this attractive picture vanishes into thin air. The great nobleman disappears, and we are left face to face with the struggling ratepayer. It is upon his already overburdened back that will be placed any new burden that Parliament may impose by taxing land values.

This consideration does not, of course, dispose of the whole case for the taxation of land values, but it deprives that proposal of all its attractiveness to the average ratepayer. If the ratepayer, instead of having his old burden lightened, is only to have, at best, a new burden substituted for the old one, he will cease to throw his cap into the air whenever the taxing of land values is mentioned. The popular driving force of the movement will be gone, and the proposal will have to be considered—as all legislative proposals should be considered—in the calm light of reason.

Only a penny in the £.—In that light, then, let us examine the schemes that have been put forward. The essential idea underlying them all is that the site of each building should be valued apart from the fabric of the building, and that a special tax should be imposed upon the site only. In some of the proposals made, this tax was to be 1d. in the £ on the capital value of the site—"to begin with." In others the annual value of the site was to be taken as 3 per cent. of its capital value, and this annual value was then to be subjected to the full local rates of the district. In the Scotch Bill interest is taken at 4 per cent., and a special tax, not exceeding 2s. in the £, is to be imposed upon the annual value thus obtained. With regard to the first proposal, it may be remarked that though a penny in the £ does not sound much, it is taken on the capital value, and therefore, with interest on capital at 4 per cent., would represent 2s. 1d. in the £ on the

annual value, or more than the maximum fixed by the Scotch Bill. With interest at 3 per cent. this modest charge—only a penny in the £—works out to a rate of 2s. 9d. on the annual value. That is what the London County Council proposes, or proposed, "to begin with." Whatever the rate, it would have to be paid, according to the unanimous report of the Royal Commission, by the person who has contracted to pay all local rates—that is, by the present ratepayer, who would be powerless to get rid of the burden during the existence of his lease.

This, however, is only the beginning of the trouble. As soon as existing leases have run out, Parliament is free to prescribe any new arrangement that it chooses. It may require the occupier to pay as at present, leaving him to settle terms with his landlord; or it may insist that the landlord shall agree definitely to pay with his own hand part, or the whole, of the new burden. If the second course is taken, it at once appears that there is consider able difficulty in deciding who is the landlord. Much land, especially in London, is held on long leases, and between the ultimate owner and the actual occupier there may be several intermediate leaseholders, each having some beneficial interest in the property. There may also be, and often will be, mortgagees or persons entitled to a fixed rent charged upon the land. How are all these various interests to be dealt with? Nearly everybody who has attacked the problem has suggested a different solution, and the Royal Commission, consequently, had before it a number of different schemes, many of them put forward by persons of considerable authority.

Mr Motilton's and Mr Harper's schemes.—Among these schemes the most important were those presented by Mr Fletcher Moulton, whose authority no one would question, and by Mr Harper, the statistical officer of the London County Council. Both schemes were, of course, rejected by the majority of the Commission. The important point is that they were also rejected by the above-named minority, although this minority accepted the principle of taxing land values. Of Mr Fletcher Moulton's scheme, the authors of the Minority Report begin by remarking that they are doubtful whether they have understood it.

They go on to say that Mr Harper's scheme is "much more difficult to understand." And they add that "neither scheme is workable

nor equitable." Their verdict on these and other schemes is summed up in the following words:—

"We feel bound, for the reasons which we have explained, to condemn unhesitatingly all the schemes which have been put before us in connection with the rating of site values."

This is not the verdict of enemies. It is the verdict of those members of the Commission who accepted the principle of taxing land values, and whose Report has been constantly claimed as a full justification for every ill-drafted project laid before Parliament.

The Royal Commissioners' scheme.—What then, it may fairly be asked, did these commissioners themselves propose? They proposed two things: First, a large grant from the Imperial Exchequer in aid of local taxation; and secondly, a small tax on land values. They carefully explained that these two proposals were interdependent, and that the second only became equitable as a consequence of the first. Their argument was as follows:—In the long run the burden of local rates is mainly borne by the owner of the soil, because he would get a higher rent if there were no rates. If, therefore, the State gives a grant from the Imperial Exchequer in aid of local rates, it will in effect be adding to the income of landowners. Consequently, it is only fair that a special tax should be imposed to intercept part of this boon. The commissioners are careful, however, to add that the rate must be very small, lest injustice should be done to existing occupiers and leaseholders; that it should only be applied in aid of those forms of local expenditure which add to the value of land; that it should be strictly limited in amount by Act of Parliament; and that, in order still further to avoid the danger of predatory taxation, this little rate should, at the termination of existing contracts, be equally divided between occupier and owner.

A steam engine to crush a fly.—That is the whole scheme of the minority of the Royal Commission, and the obvious comment is, that a wise man does not build a steam engine to crush a fly. To carry even this elaborately safeguarded scheme that the commissioners offer us would be a task of great Parliamentary difficulty, and when carried it would, for any practical purpose, be worthless.

We want a real reform of local taxation. We do not want fresh doles from the Imperial Exchequer, to be followed by a trumpery little tax, imposed, not to increase revenue, but to remove miscon-

ceptions. If the removal of misconceptions is to be our object, let us get that done in advance by a little quiet thinking. That will be a good deal less costly than stirring up a popular agitation and fighting a highly contentious, but practically useless, Bill, through two Houses of Parliament.

The housing problem.—It is, however, often alleged that though a tax on land values would yield no revenue, yet it would help to solve the housing problem.

This statement is so frequently voiced by prominent politicians that it has gained credence with thousands of persons who have never troubled to think out in what manner a tax on land values could possibly affect the cost of supplying houses. It is vaguely assumed that if land values are taxed, more land will be brought into the market. The price of land will then fall, and therefore it will be easier to build cheap houses. Let us accept, for the sake of argument, the primary assumption here made that land will be sold cheaper in consequence of the taxing of land values. Will that solve the housing problem?

Take, for example, the case of some working-men's dwellings built by the Town Council of Aberdeen in Urquhart Street. The Council found that it was impossible to build houses and to let them for less than £9 to £10 for two rooms.[1] The cost of the land on which these houses were built did not exceed 6s. per annum for each tenement. Six shillings, then, is the whole measure of the saving that could have been effected in this case if the land had been obtained absolutely for nothing. Is it really contended that the housing problem can be solved by reducing the rental of a two-roomed tenement house from £9 to £8:14s.?

The cost of capital.—People who talk in this loose way about the housing problem forget that capital as well as land is required to build houses, and that the rate of interest has a far greater effect upon the price at which a house can be produced than the cost of land. To illustrate this statement I will take two cases of actual housing schemes. One is in a country district, where the land was obtained on

[1] Speech by Mr George Bisset, reported in the Aberdeen Free Press, 17th May 1905.

a ninety-nine years' lease for a ground-rental of rather over £4 an acre. In this scheme it is proposed to attach a substantial garden to every cottage built. Consequently, although the price of land is low, the amount of land per house will be much greater than it would be in a town. Each cottage is to contain three bedrooms, and a kitchen, parlour and scullery. Taking interest at 5 per cent. the cost of building will work out at not less than £9 a year. The cost of the land, including the garden, will be about 12s. a year for each cottage. If the owner of the land had been content with the bare agricultural value the maximum saving on this item would have been about 7s. a year. But if the owners of capital, instead of asking for 5 per cent., would be content with 2½ per cent., then these cottages could be built for £4:10s. instead of £9. Obviously in this case it is not cheaper land but cheaper capital that is the essential requisite.

The next case is in the borough of Richmond, and I take the details from Mr Chiozza Money's *Riches and Poverty*, p. 216. The land in this case was bought at a comparatively high price, which worked out at £32 per house. The total cost of building each house and supplying drains and fences was £254, apart from the cost of the land. The Corporation was, apparently, able to borrow at the very low rate of 3¼ per cent., so that the annual cost of the site works out to just over £1, and the annual cost of the fabric to £8:5s. But although the Corporation was able to borrow capital cheaply, while it had to buy land dearly, the cost of capital still remained a more important item in the total cost of the houses than the cost of the land. If the rate of interest had been lowered only by 1 per cent. there would have been a further saving of more than £2:10s. a year, whereas if the land had been obtained absolutely for nothing the total saving would only have been £1 a year.

The South African War and workmen's rents.—These figures prove conclusively that the idea that the housing problem can be solved by forcing landowners to sell sites below their market value is a pure delusion. Except in the centres of large towns, where land is wanted for warehouses and shops, and where working-class dwellings ought never to be built, the cost of the site required by a workman for his house is insignificant in comparison with the cost of building the house. If cheap houses are wanted we must either discover some way of building more cheaply, or else we must learn to

practise greater thrift, both in individual and in public expenditure, so that the rate of interest on capital may be lowered. If, for example, the nation had saved the money spent—whether rightly or wrongly—on the war in South Africa, and if it were in addition to save the millions now being spent—whether rightly or wrongly—on increased naval and military preparations, it is more than probable that the normal rate of interest would be at the very least 1 per cent. lower than it now is. And as the above figures show, this would do more to solve the housing problem than any conceivable alteration in our land system.

A house as a commodity.—The land taxers have, however, a much more reasonable argument in favour of their proposal to tax sites rather than houses. A house, they say, is a manufactured article. If a tax is put upon it the cost of production is increased, and therefore, ultimately, the price must be raised. This argument would be flawless if it did not ignore the important fact that a house is useless without a site to put it on. Until we can go about like snails, with our houses on our backs, we must be content to recognise that a house cannot be separated from the land on which it stands. The rent paid by the occupier is paid for the use of the land as well as for the use of the house. Therefore, even if we separate the two things mentally, we have no right to assume that the rent paid for the two together will necessarily be increased because the cost of producing one of the two has become greater. It may be that the price of land will fall so as to compensate for the increased cost of producing the house.

A house is, in effect, an excrescence or growth on a particular piece of land, and I venture to suggest that the production of a crop of houses affects the price of land in much the same manner as the production of a crop of potatoes. The economic rent of a piece of land ultimately depends on the net advantage to be derived from the use of that piece of land. If a farmer finds agricultural wages rising, while the price at which he can sell his potatoes is stationary, he will, sooner or later, be compelled to ask for a reduction in rent. In the same way, if a builder finds that the cost of building has gone up, while the local demand for houses shows no alteration, he cannot afford to offer the same price for the land as he would have done before. Not long ago I personally came across a case where a landlord was offering land for building at a reduced rent as compared

with the figure he was able to get some years back, on the express ground that the cost of building had gone up. If, then, an increase in the cost of building tends to diminish the price that a landowner can command for building sites, it follows that rates placed upon the house will tend in the same direction. In other words, a rate upon the fabric of the house equally with a rate upon the site, may be ultimately paid out of the pocket of the owner of the soil.

Does the landowner pay all rates?—This is practically the view taken by the Royal Commission, and it is also the view of Mr Gomme and Mr Harper, who may be regarded in this matter as the brain of the London County Council. As Mr Harper concisely puts it: "Were all real property relieved of the charge for rates, it can hardly be doubted that the result would be an increase in rents to a corresponding amount, subject to some slight allowance for economic friction."

Personally I am inclined to think that this statement is somewhat too crude. In the previous chapter it was pointed out that where a house is let at an indulgent rent, the burden of rates may fall partly on the tenant. Doubtless Mr Harper, and economists who share his views, would reply that in such a case the tenant is really in enjoyment of part of the economic rent, and that it is only in that capacity that he feels the burden of the rates. This is a good and sufficient answer for the kind of case dealt with in the previous chapter, though I think that it is more convenient to avoid such an extremely abstract way of stating the proposition.

In the problem we are here considering, however, no question arises of any indulgence in the matter of rent. What is rather involved is the question of the absolute magnitude of the rent. Where land is so costly that it represents a very important element in the total cost of house and land, I think there can be no doubt that the London County Council and the minority of the Royal Commission are right, and that the rates, whether levied on the fabric or on the site, will equally come out of the pocket of the landowner. If, for example, it is proposed to build a block of offices on a vacant site in one of the business parts of London, the promoters of the scheme, in estimating whether they can afford to buy that site, will have to take into account the whole cost of building, including interest, insurance, and depreciation, and also the rates that will have to be paid when the

building is complete. They will then compare this total with the total rent that they can reasonably expect to get for the offices. The difference between the two totals enables them to measure what price they can afford to offer for the land so as to leave themselves a margin of profit. Clearly, if there were no rates to be paid upon the fabric they could afford a higher price for the land, and therefore, whenever land has a quasi-monopoly value, there can be no doubt that the owner of the soil has to bear the whole cost of local rates, whether they are assessed on the site or on the fabric. On the other hand, where land is plentiful, and one site is for practical purposes as good as another, the promoters of a building scheme will approach the problem from a slightly different point of view. They will begin by inquiring for a piece of land suitable to their scheme, and will probably find that there is a certain average price in the district, and that they cannot get any land much below this price, and can get plenty at that price. Having bought the land, they will then consider what kind of houses they must build to yield a profit on their outlay in view of the rents they are likely to be able to command. If the rates are high they will build smaller houses, or put in inferior work. In such a case it is somewhat a straining of language to say that the rates upon the houses will come out of the pocket of the landowner from whom the site was bought. What we can safely say is that high rates on buildings in any district will tend to depreciate the value of land, because they will discourage people from building in that district; and in this more general sense the proposition that the owner of the soil pays all rates remains true.

A geographical redistribution.—This restatement of the proposition has been made solely for the sake of theoretical accuracy, not because it has any practical bearing upon the question of taxing land values. Let us assume, for the sake of argument, that there are cases where the whole rate upon the fabric of the houses falls upon the occupier, who has either to pay a higher rent or to accept a worse house. Such cases, if they exist, suggest a necessity for some reform, but they in no way prove that the reform required is the separate assessment of land and houses. For if the above argument has been followed, it will have been seen that such cases can only occur in places where land is plentiful and cheap, and in those places a rate on site values would obviously yield no appreciable revenue, and there-

fore would give no appreciable relief to the rate upon houses. It is only where land is dear that a tax upon site values can yield any revenue, but the owner of dear land already bears the whole burden of rates, whether on site or on fabric.

We need not, however, pursue the argument any further, for both the minority of the Royal Commission and the expert advisers of the London County Council abandon absolutely the idea that a separate assessment of sites will lead to any readjustment of burdens as between occupier and owner. Their whole case is that such separate assessment would lead to a geographical redistribution of burden—i.e. that it would lead to a lowering of rates in some districts and an increase of rates in other districts. It is by means of this geographical redistribution that these authorities hope to gain an increased supply of houses.

Relieving the suburbs at the expense of the centre.—To understand their argument let us assume, for simplicity, that the whole sum now annually required by the London County Council had to be raised by a tax on site values, instead of by the present system of rating which taxes the value of the fabric as well as the value of the site. It does not need much imagination to see that if this were done there would be a reduction of burdens in the outskirts of London, and an increase in the centre of London. The suburban landowner would have his property increased and the central landowner would have his property diminished. This is frankly admitted both by the Royal Commission and by the representatives of the London County Council. Personally I fail to see the justice of emptying the pockets of one landowner in order to fill the pockets of another.

But that is not all. Let us admit that if suburban land owners can obtain higher rents for building land they will be more tempted to bring it into the market, and that consequently perhaps a few yards may be added every year to the miles of new houses that are already being built. We have, however, to ask: At whose immediate cost is this change to take place? Ultimately, as the Royal Commission rightly contend, the benefit to the suburban landowner will be paid for by the central landowner, but immediately it will be paid by existing ratepayers in the central parts of London. The whole scheme, therefore, amounts to this, that shopkeepers and other persons engaged in business in the working parts of London will have an extra

burden imposed upon them, lasting up to the end of their present leases, in order that an extra profit may be made by the speculative builder or the speculative land owner in a remote residential suburb.

When it is generally understood that this would be the effect of the scheme advocated by the London County Council, we shall not hear much more about the desirability of shifting taxation from buildings to sites. If such shifting were wholesale, it would rightly be denounced as sheer confiscation; if, on the other hand, the shifting were so slight as to be insignificant—only a little tax, as the Royal Commissioners so repeatedly and so plaintively urge—then the effect, real or imaginary, on the supply of houses would also be insignificant.

An injury to the building trade.—There is a further objection of a very important and very practical character to the proposed special taxation of land values. It was pointed out above that the cheapness of capital is a much more important factor than the cheapness of land in the production of houses, and, therefore, we ought to do nothing that will increase the price at which builders can borrow.

At present it is a common practice among builders to raise capital by the creation of ground-rents. As soon as the house is built a ground-rent is created, and is secured upon the land and the house. This ground-rent has no necessary relation to the economic rent of the ground. It is merely a device for raising money, and is commonly fixed at one-fifth of the letting value of the house. At present, trustees and insurance companies are willing to pay a high price for such ground-rents, because the income is fixed and the security ample. If, however, ground-rents are, in future contracts, to be subject to local rating, which varies in amount according to the requirements of local authorities, they will cease to yield a fixed income, and will cease to be a trustee investment. As a necessary consequence, builders will have to pay more for the capital they require, and a further obstacle will be placed in the way of the production of houses.

In the same way the attempt to deprive owners of land of the chance of obtaining a rise in the value of their land would probably check building; because the speculative builder in practice often makes his profit out of the land rather than out of the building. The following is an extract from a letter received from a gentleman who

has taken an active part in providing houses for the working classes:—

> "It is quite a common practice in Lancashire and near Liverpool for a builder to take a plot of land, and after building the cottage sell the land and cottage at such a price as would on the cottage itself show a loss, but which with the profit on the land produces a slight profit. In some districts where ground-rents are the rule, the lease being generally for 999 years, this operation is more easily carried through than where freeholds are the custom."

It may be added that it is not only in Lancashire that builders are able, by taking advantage of the rise in the value of the land, to deliver houses at a lower price than they would otherwise be able to do. Obviously, however, any tax on land values which was devised to intercept the unearned increment would put a stop to this convenient process.

Experience of New Zealand.—Instead of attempting to answer these arguments, the typical land taxer merely repeats his Henry Georgeite creed word for word as he learnt to lisp it twenty years ago, or else he throws at the head of his critic the case of New Zealand. It is quite true that the colony of New Zealand in 1891 placed a tax on the capital value of land, while exempting land owners from ordinary income tax. But when the land taxers assert that the wave of prosperity that followed was due to the taxation of land values they are merely indulging in the common fallacy of assuming that events which succeed must be the result of events which precede—*Post hoc ergo propter hoc.* It is necessary to show not merely a sequence in time, but a direct relation between cause and effect, and anyone who knows anything of New Zealand knows perfectly well that the main cause of the recent prosperity was the introduction of the cold storage system, which enabled the colony to take up the dairying industry on a large scale. Yet one of the societies in this country for the taxation of land values has actually put forth a circular declaring that the adoption of this principle in New Zealand has led to the building of houses, the raising of wages, the extension of railways, and to almost every boon that the heart of man can desire. On one point, at any rate, this wild statement can be brought to the simple test of fact. It is alleged that in New Zealand the taxation of

land values has led to the in creased building of workmen's houses, and upon this allegation, which is unsupported by any evidence, land taxers proceed to argue that if land values were taxed here the housing problem would be solved. The answer is conclusive. The taxation of land values has been in operation in New Zealand for fourteen years. Has it solved the housing problem there? Obviously not. For on 18th August 1905 Mr Seddon introduced a Bill "enabling the Government to take land and establish thereon workmen's dwellings, the cost of erection not to exceed £300 per house. The Bill provides for favourable lease hold terms and also other conditions for the acquisition of the freehold."[1] If the problem had been solved in New Zealand, as the land taxers pretend, obviously it would not have been necessary to introduce a Bill for providing State capital for the construction of workmen's houses. Indeed, the whole idea that houses can be created by the taxing of land is as childish as the Protectionist belief that employment can be created by taxing imports.

Would destroy open spaces.—If, then, the taxation of land values will not promote the building of houses, and if, as the minority of the Royal Commission showed, it will not yield any appreciable revenue, what remains? The land taxer replies that by taxing land the State can force it into the market, and so compel a profitable use of land that is not being used at all or is being used less beneficially than it might be. The fallacy in this argument lies in confusing the profit of the individual with the advantage of the community. It is unprofitable to the owner of a plot of land in the centre of a great town to keep it as a garden. He can make much more money by selling or letting it for a building site, but in the majority of cases his gain would be the community's loss. For the land is probably much more useful to the com munity as a breathing space and as a spot of colour than it would be as the site of yet another warehouse or yet another block of offices. For example, in the parish of Kensington, there is a large area of vacant land worth thousands of pounds per acre to build upon, but the owner escapes with a nominal rate on the agri cultural value of the land. A monstrous illustration, says the Henry Georgeite, of the iniquities of our land system. If, however,

[1] *Times* telegram, 19th August 1905.

we make further investigation, we shall find that this vacant land, or most of it, is otherwise known by the name of Holland Park, to which allusion has elsewhere been made. The owner of what remains of this splendid park obtains no rent for it, while his personal enjoyment of the park is after all, probably, not much greater than that of any passer-by who peeps through the railings. But the park is there, with its glorious trees, and its green grass, and its historic associations; and every Londoner may be part possessor of its charms. Yet the very persons who wish to "restore the land to the people," would be ready with their patent tax to compel the owner of Holland Park to break it up into building sites for a few wealthy residents. In the same way the owner of a picturesque old house could make more money by pulling it down and erecting a gin palace on the site. Would the community gain?

King Log or King Stork.—Let us, however, for the sake of argument, waive these points. Let us assume that land taxers really prefer gin palaces to picturesque old houses, that they really prefer an unbroken waste of bricks and mortar to frequent oases of green. Even so, there is no reason to believe that they will get what they want by their scheme for taxing land values. The tax, if it does anything at all, would merely induce one private person who was short of cash to sell to another private person who had plenty to spare. The second would, of course, buy the land at a depreciated price because of the tax, the whole burden of the tax being borne by the original holder. But the second man, having got the land, would be under no obligation to use it in any other way than the first man had done. He might still maintain the oasis of greenery or the picturesque old house, or he might still keep the land a barren eyesore in the hope of selling it at some future date at an enhanced price. Nor is there the slightest reason to believe that the new race of owners would be in any way less anti-social in their use of the land than the present race. We should merely transfer the potentialities of each piece of land from one private person to another private person, possibly from King Log to King Stork. The community would be no better off. There is no advantage to the nation in transferring the speculative value of urban land from English noblemen to German Jews, even though the English nobleman's title may only date from the Court of Charles II.,

while the German Jew may be able to trace his descent right back to Moses.

A further protest must be made against the common assumption of land taxers that the community loses when a particular site is held back by its owner. It is argued that if a particular piece of land remains unbuilt upon, the industries of the nation suffer a severe check. But the holding back of one piece of land only means, in the vast majority of cases, that another piece of land is used instead. The capital and labour of the community are equally employed in either case. Doubtless there may be some cases where the clear interest of the community lies in the utilization of one site rather than of another. But surely in such cases the right method of procedure is to take the land compulsorily at a fair valuation. We have no right to plunder a particular individual because the community wants a particular site. Yet one of the Bills that passed its second reading in the House of Commons would have had the effect of confiscating at least one quarter of the property of every owner of an uncovered site in the metropolitan area.

Disguised confiscation.—This unforeseen effect of the Bill can best be demonstrated by means of figures. Take the case of a plot of land that is fairly worth £1000 after allowing for all existing factors that affect the price. This plot would be assessed under Mr Trevelyan's Bill at £30 a year, and the full local rates would have to be paid upon that assessment. In the metropolitan area they would amount to at least £10 a year. But the moment that burden is imposed the land ceases to be worth £1000. Its selling value is depreciated by the capitalized equivalent of the annual charge of £10. At twenty-five years' purchase this would amount to £250, or one quarter of the value of the property. In districts where the rates are 9s. or l0s., more than one-third of the value of the property would be absorbed by the new tax. Whatever the proportion, the whole burden of the rates on uncovered sites would fall on present owners. Their property would be confiscated to the extent of a fourth or a third, solely for the sake of forcing particular pieces of land into the market. I contend that this is grossly immoral. If it is a matter of public interest that a particular plot should be built over, the public should pay a fair price to the owner. It is as immoral to rob the few for the benefit of the many, as to rob the many for the benefit of the few.

Empty houses and vacant sites.—This consideration disposes of Mr Trevelyan's scheme for subjecting un covered land to the full local rate. No Parliament that realized what it was doing would ever consent to such wholesale confiscation.

There is, however, no objection in principle to a small rate both on vacant sites, and on empty houses. Buildings that are standing empty require police and fire protection and street lighting, and it is only right that the owners should pay for these services. But the rate must be a small one, for if empty houses were liable to all rates and taxes, as if they were occupied, builders would be less inclined to build in anticipation of a demand for houses, and the interests of the public would suffer.

Similar considerations apply to the case of vacant sites. Where land has actually been prepared for building and is being held for a rise—as, for example, the land which the London County Council is now holding up in the Strand,—there is no objection to a small annual charge, sufficient at any rate, to pay for police protection, but the local authority should have power to waive this charge if the possessor of the site is willing to dedicate it to the public for a play-ground, or for any similar use, until he can obtain a customer for it. In any case the charge would have to be small, for otherwise land-owners would be reluctant to break up their land into building plots, and to incur the heavy expense of making roads and sewers, on the chance of finding builders and tenants.

It is too often forgotten that all over the kingdom there is land now being offered for sale in building plots which nobody will buy, and houses standing empty which nobody will occupy. Meanwhile, large sums of capital have been sunk in preparing this land and in building these houses. This money is earning no interest, and in many cases will never be recovered by the sanguine people who advanced it. If we wish to promote cheap housing it is most important that we should not further discourage such sanguine investors.

Market-gardens and grazing land.—The land-taxers, however, are not satisfied with a tax—which would have to be small—on empty houses and vacant sites. They demand that we should specially rate not only sites that have been prepared for building, but also land that might conceivably be used as building land. This introduces an alto-gether new principle, and a very dangerous one. At present there is

much land round all towns used for market-gardens or as accommodation grazing land, and rated upon the basis of the actual yearly income that the owner derives from it. Doubtless, in many cases the capital value of this land is increased by the anticipation that it may some day be used as building land. But this consideration is purely hypothetical. The supposed higher value may never be realized, because nobody may ever offer to buy or hire the land in order to build upon it. Indeed, it may happen, and often does happen, that land which has been bought at a high price in the anticipation that it can be used as building land proves afterwards to be un-saleable. It would clearly, in such cases, be unfair to tax the owner on the basis of a supposed but never realized value.

I submit that the only fair method of taxation is to tax a man on what he actually has now, not on what somebody imagines he may have in the future. The real capital value of a piece of land can be accurately ascertained whenever the property is sold or leased or transferred by death, and it can then be fairly and effectively taxed. Apart from these occasions, any attempt to tax capital values would result in grave injustice, unless the tax were so small as to be insignificant.

The Tax and Buy Bill.—An attempt has been made by some land taxers to meet the above difficulties by requiring every man to assess himself. It is proposed, in a Bill introduced into the House of Commons by Dr. Macnamara in 1905, that the owner of every piece of land, whether urban or rural, shall be called upon to declare its capital value as estimated by him; that he shall pay an annual tax of 1d. in the £ on that value; and that the local authorities shall have power to purchase the land at any time at that value. There is a superficial appearance of equity about this proposal that may easily delude the unwary. If each piece of land were the property of one man, who himself occupied it, and if there were no mortgages, no rent charges, no leases, no life tenancies, and no reversionary interests, it is conceivable that some such scheme as the above could be fairly worked. The moment, however, that the complications of actual life are introduced the idea of automatic self-assessment breaks down completely, and even Dr. Macnamara's Bill contains provisions for the appointment of assessment committees to adjust the various interests involved. The introduction of such committees at once destroys the

whole principle of self-assessment. It may be added that, even if this principle could be applied, the details of Dr. Macnamara's Bill are grossly unjust. The Bill proposes that the site-value rate shall, in the first instance, be charged upon the present ratepayer. He, however, is to be entitled to deduct the amount of the new rate from the rent payable by him to the person from whom he holds, "and so on successively until the amount falls on the owner." This is to be done in defiance of all existing contracts between landlord and tenant for the payment of rates and taxes. Then follows a proviso to cover cases where the rent actually paid is less than the economic rent of the hereditament. The portion of this proviso which relates to ground-rents is worth quoting:

> "Where any lessee is paying a ground-rent only, he shall only be entitled to deduct therefrom on account of site value rate such proportion of rate as the ground-rent he actually pays bears to one twenty-fifth part of the ascertained site value."

To see how this sum works out let us take some typical figures. A site worth £1000 is subject to an old ground rent of £5 per annum. This ground rent is the property of a retired tradesman, who bought it out of his savings. Under Dr. Macnamara's Bill the occupier of the site must pay an annual rate of l000 pennies, or £4: 3s. 4d. A twenty-fifth part of £1000 is £40, and 5 is the eighth part of 40. The occupier or ratepayer may, therefore, deduct one-eighth part of £4:3s. 4d. from the ground rent which he has contracted to pay—i.e. he may deduct 10s. 5d. Thus, in effect, Dr. Macnamara's Bill imposes on the owner of this ground-rent a new income-tax of 2s. 1d. in the £,, in addition to the ordinary income-tax, and to all other taxes that he may already be paying. Meanwhile, the vendor of the ground-rent, who put the purchase money into Consols, is paying only the ordinary income-tax upon the interest, and is, moreover, partly relieved of taxation in consequence of the extra sum extracted from his fellow citizen. This may be justice according to the new gospel of Henry Georgism, but it differs considerably from the kind of justice preached in a somewhat older Gospel.

Free trade in land.—Lest any of the arguments, or quasi-arguments, of the land-taxers should pass unnoticed, it is well to say a word about the frequent assertion that taxation of land values is

advisable in order to secure a "free trade in land." On this point an appeal is constantly made to a speech of Richard Cobden at Rochdale in 1864, when he declared that if he were a younger man he would start an agitation on the Land Question, and have a "League for Free Trade in land as we had a League for Free Trade in Corn." As there are still, happily, many people in this country who remember the name of Cobden with gratitude and reverence it is worthwhile to analyze this appeal. In the first place, what relation is there between the proposed taxation of land and free trade in land? Are we to understand that, whereas a tax on corn spells Protection, a tax on land spells Free Trade? Certainly Cobden never talked such nonsense as this. The idea in his mind obviously was to get rid of the legal difficulties that then prevented the easy sale and transfer of land. A large number of those difficulties have now been removed by the Settled Estates Act of 1877, the Conveyancing Act of 1881, the Settled Land Act of 1882, and other legislative reforms. When Cobden made the speech referred to, the owner of a settled or entailed estate could not sell his land, however embarrassed he might be for want of capital. Now he can. In 1864 the cost of a conveyance was very much greater than it is now, and often altogether disproportionate to the value of land. Now a scale of charges is fixed, so that the purchaser can calculate the maximum amount which he will have to add to the price of the land. Doubtless, still further reforms in the direction of simplifying transfer and reducing costs are possible, but practically the free trade in land that Cobden demanded now exists.

Inverted Protection.—What land-taxers propose is a very different thing. They propose to place a special tax on land, with the object of compelling the holder to sell it at a lower price than he could otherwise have obtained. This is not Free Trade; it is an inverted form of Protection. It would rob the seller for the benefit of the buyer, just as ordinary Protection robs the buyer for the benefit of the seller. To realize the essential injustice of such a proposal it is only necessary to see how the same principle would work out if applied to other forms of property and other forms of trading. Take the common case of a dispute between masters and men over a question of wages, and suppose first that the dispute results in a lock-out. In that event the owners of great factories, by their refusal to allow the men to work, will inflict acute suffering on perhaps thousands of families, and will

absolutely stop a previously active industry. This is a far more serious matter to the community than the holding back of a particular piece of land, and therefore, if the doctrine of inverted protection, which the land-taxer advocates, is to become part of our legal system it would be necessary in every case of a lock-out to subject the employers to a heavy fine for each day that the mechanism of industry owned by them remained idle. That is not all. What is sauce for the goose is sauce for the gander. Labour is just as necessary to capital as is capital to labour. Consequently, whenever a strike occurred, it would—according to the teaching of the land-taxers—become the duty of the State to subject the workmen and their leaders to fine or imprisonment for refusing to work. This is in no way more absurd than the proposal to fine a landowner for refusing to part with his land to the first person who makes a bid for it. I venture to submit that, as long as we recognise private property in land, so long must we allow each private owner to determine for himself, without pressure from the State, at what price he will sell to another private person. If, on the other hand, the land is required for public purposes then the public must pay for it at a fair valuation.

Access to land.—Lastly, we come to the favourite assertion of the land-taxers, that access to land is before all things necessary for the industrial development of the nation, for the well-being of the working classes, and for the employment of the unemployed. This statement is made so often, and with so much emphasis, that many people have actually come to believe it. Nevertheless, it is grotesquely untrue. What the average British workman wants is access to machinery. Without machinery he is helpless to carry on the only trade he has learned, and it is mockery to offer him as an alternative the opportunity of growing cabbages on land that skilled farmers will not touch. If he were any good at cabbage-growing, or at farm work of any kind, he would have no difficulty in finding immediate employment on farms already in cultivation. While town-bred philanthropists are talking about farm colonies, and other fancy schemes for subsidizing the unemployed, there is scarcely a farmer in the country who would not gladly employ more labour if he could get it. Still more striking is the demand for labour that comes from across the Atlantic. In Canada 160 acres of good land can be had for the asking. To obtain access to this land nothing is needed beyond a few pounds

for the journey, and the registration fee. There are millions of acres still available—acres of land crying out for labour—and yet the problem of unemployment still goes on. Of all the misleading statements made by the advocates of Henry Georgism none is more absolutely at variance with the real facts of life than the assertion that the one thing needful is access to land. In this country, and in every civilized country, what the working classes want is not access to land, but access to capital. If they could get the capital, such land problems as still exist would very quickly be solved.

Chapter VII.
Confiscation or Compensation.

In the preceding chapter the proposal to place a special tax on land values was examined from the point of view of the man who wants to reform our present system of local taxation, but who accepts private property in land as an established fact, and would be horrified at the idea of confiscating anybody's property. That examination, however, does not exhaust the question, for the whole agitation for the taxing of land values comes from people who regard private property in land as a crime, and who wish to tax the private owner out of existence. The members of this school of thought are wise enough to see that if they honestly put forward their whole scheme they would obtain no hearing at all from the bulk of the nation. They, there fore, begin by advancing certain general propositions with regard to the nature of land, and then proceed to the conclusion that, because land differs from all other commodities, therefore the owners of land should be specially taxed. This sounds so plausible that many people are led away by it, though they would be shocked even at the word confiscation. Very little reflection, however, is needed to show that special taxation itself is a form of confiscation. The theory that landowners should be specially taxed is obviously only another form of the theory that landed property should be confiscated by the State. Every tax, so far as it goes, is a confiscation of the property of the person taxed; and therefore to declare landowners liable to special taxation, is equivalent to saying that their property is specially liable to confiscation. A light tax upon landowners qua landowners is partial confiscation; a tax of 100 per cent. is complete confiscation. This identity of confiscation and special taxation is fully recognized by the advocates of the single tax on land. In *Progress and Poverty* Mr. Henry George first declares that his object is to confiscate rent, and then explains that the means he proposes to employ is the taxation of land values.[1]

[1] *Progress and Poverty*, p. 288.

The landowner's income, not his land, is at stake.—It must next be noted, in dealing with the question of confiscation, that it is with the income derived from the land that we are concerned, not with the land itself. A landowner may be, often is, forcibly deprived of his land for the benefit of the community, but provided he receives an equivalent money value nothing is confiscated. This fact again Mr. George recognizes, and strictly limits his proposals to the confiscation of rent. "I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call their land. Let them continue to call it their land. Let them buy and sell, bequeath and devise it. We may safely leave them the shell if we take the kernel." It is not necessary to confiscate land; it is only necessary to confiscate rent."[1]

The question then which we have to consider narrows itself down to this: do any reasons exist why incomes derived from land should be confiscated while other incomes are spared?

Some of Mr. George's arguments.—Mr. George's argument on this point can hardly be taken seriously. The main contention of his book is, that private property in land is essentially unjust. He devotes a whole chapter to the "Injustice of Private Property in Land"; and through out the volume such remarks as the following are plentiful—"The recognition of individual proprietorship of land, is the denial of the natural rights of other individuals."[2] "Our boasted freedom necessarily involves slavery, so long as we recognize private property in land;"[3] and so on. Yet, a few pages later, in the passage just quoted, he declares explicitly that he does not wish to abolish private property in land, but only to take the profits. Mr. George would reply that by confiscating the whole of the rent he takes all the sting out of private property in land, and thus effectively abolishes the institution. It may be so,—the point will be discussed later on,—but if it is so, it can only be because the confiscation of all rent has some economic effect in addition to the money gain to the public treasury. This economic effect—e.g. forcing owners to bring their land into the mar-

[1] I*bid*., p. 288.
[2] *Progress and Poverty*, p. 241.
[3] *Ibid*., p. 253.

ket—would clearly continue to exist if the public treasury were to repay in the form of annuities what it had taken in the form of taxation. The only advantage then that can be attributed to the confiscation of rent is the profit to the exchequer.

The same advantage would result from the confiscation of other forms of property; but to this Mr. George on principle objects. Private property in capital he regards as essentially just, and he is as tender to the pocket of the millionaire capitalist as to that of the half-starving labourer. When, however, he comes to deal with practical objections brought against his "remedy," he admits that it is often impossible to separate the value of the land from the value of the improvements upon it. "Absolute accuracy is impossible in any system, and to attempt to separate all that the human race has done from what nature originally provided would be as absurd as impracticable."[1]

A compromise that destroys the principle.—Exactly so, but if the accuracy goes, the argument goes with it. It is the bare land, and the bare land alone, that was, as Mr. George would phrase it, given by God to the human race, and thence afterwards stolen by a handful of individuals. This is the primary theft that no lapse of time can convert into a good title. But anything that the human race has added is, according to Mr. George's classification, not land but capital, and remains capital, even though it be not, to our present eyes, distinguishable from the original properties of the soil. When therefore Mr. George proposes to allow only for the "value of the clearly distinguishable improvements, made within a moderate period," he is going back on his fundamental principles. He is confiscating something which is not land, and which was therefore not stolen; he is, in fact, confiscating capital. But if one form of capital may be confiscated, why not others?

The appeal to "natural" law.—Nor will Mr. George's principle itself hold water. It is based on the assertion of the existence of some natural law of right and wrong, which overrides laws established by opinion or authority. No such law exists. Metaphysicians and theolo-

[1] *Progress and Poverty,* p. 302.

gians may argue about what they are pleased to call "natural" law, till words fail them, but until their "natural" law has been adopted by public opinion, or embodied in a judicial decision, or set down in a statute, it is no law, but only somebody's opinion of what ought to be law. Everywhere the average individual must conform to those laws which are pressed upon him by his neighbours or forced upon him by his rulers—laws which he knows and understands; he cannot be expected to start a little code of his own, evolved out of abstract argument, and defy to his own destruction the world around him.

Some consequences of confiscation.—This general answer to Mr. George covers so much of the ground, that it is hardly worthwhile to reinforce it by illustration. The task too has been often done. It is a commonplace to point out the widely ramifying injustice that would result from an attempt to confiscate any one form of recognized property. A trustee of an estate held for minors may buy for one ward, gas shares, for another, ground rents; Mr. George would confiscate the ground rents and leave the gas shares. A banker in all honesty of purpose may invest the money at his disposal in freehold mortgages; Mr. George would confiscate the investment, and thus possibly ruin some disciple of his own who had left his money in the bank rather than buy land with it. Such illustrations might be multiplied without limit, but they would add little to the force of the general considerations urged above. When two or more forms of property exist side by side, all regarded by contemporary opinion as equally sacred, the confiscation of one specified form works a wrong which neither metaphysics, nor theology, nor rhetoric can twist into a right.

The toll that the landowner levies.—And what is it that Mr. George hopes to gain by this wrong? Rent, he tells us, "is a fresh and continuous robbery that goes on every day and every hour. It is not from the produce of the past that rent is drawn, but from the produce of the present. It is a toll levied upon labour constantly and continuously. Every blow of the hammer, every stroke of the pick, every thrust of the shuttle, every throb of the steam engine pay it tribute." And so on for half a page more, with much about "agricultural

gangs" and "squalid rooms," "penitentiaries" and the "pure joy of mother hood," "evil passions" and a "merciful creator."[1]

Let us be definite. What is the amount of the toll that produces all these consequences? Unfortunately, it is impossible to give an exact answer to that question. The Commissioners of Inland Revenue furnish certain figures showing the estimated annual value of lands and houses, mineral rights and sporting rights, and other properties in land. But the total shown is not the value that Mr. George wanted to get at. In a formal statement of his proposals in the Financial Reform Almanack for 1891, he wrote:—"What we propose is not a tax on real estate, for real estate includes improvements. Nor is it a tax on land, for we would not tax all land, but only land having a value irrespective of its improvements." From the income-tax figures we must, therefore, deduct the whole annual value of the houses, and also interest and depreciation upon all capital outlay upon improvements. Even in the case of agricultural land, this is undoubtedly the greater part of the whole. The rent of an English farm includes not only the price paid for the use of the land, but also for the house in which the farmer lives; for the stables and byres and pigstyes in which his stock is housed; for the barns and sheds to protect his material; for the roads and fences and drains that make the land workable. Again, the value of building sites, as pointed out in a previous chapter, is to some extent due to capital expenditure upon roads and drains. So that before we get down to the value of the "bare land," we have to strike off the greater part of the value which the Government now taxes and tabulates.

The Government figures.—The above considerations sufficiently indicate the impossibility of arriving at any precise estimate of the value of the bare land of the United Kingdom, but it is worthwhile to set out the Government figures, so that the reader may be able to appreciate for himself the hopelessness of the task. First comes Schedule A, which represents the income derived from the ownership of lands, taxes, etc. The figures in 1902-3 were as follows:—[2]

[1] *Progress and Poverty*, pp. 258, 259.

[2] See Report of Inland Revenue Commissioners, Cd. 2228, p. 194.

Gross Income from the Ownership of Lands, Houses, Etc.

Lands, including rent charges under Tithes Commutation Act, farmhouses, farm buildings, etc., l*ess* allowance for repairs	£45,781,844
Houses, messuages, tenements, etc., *less* allowance for repairs	159,980,941
Tithes raised by rates, and other tithes not arising from land, etc.	211,466
Manors, etc.	153,199
Fines.	98,662
Sporting rights, etc.	643,969
Other profits from lands . . .	111,909

Before attempting to add up the above figures let us analyze them. Anybody who is familiar with English agriculture will agree that much more than half of the value under the first head is due to invested capital, and, therefore, on Henry Georgite principles, ought to be free from taxation. If we put down £20,000,000 a year as the value of the bare land devoted to agriculture in the United Kingdom it will certainly be an over-estimate. The second item is even more speculative. In rural districts the value of the site is often not more than one-twentieth of the value of the house standing upon it; in parts of London the site may be worth as much as one-third of the value of the house. One can only guess at the proportion that should be taken as an average for the kingdom. Taking a fourth, to be on the safe side, we get £40,000,000 for the value of the sites on which houses, factories, etc., stand, and even then we have made no allowance for the fact that the sites themselves have been made valuable by the expenditure of capital in drainage and road-making. The other items above set down may be lumped at £1,000,000—giving us as an outside estimate £61,000,000 under Schedule A of the income-tax.

In addition, there are various items under Schedule D of the income-tax, and these are even more difficult to estimate.[1] Part of the income earned by railway companies is fairly attributable to the ownership of land, and the same may be said of gasworks, ironworks, waterworks, canals, etc., and markets, tolls, etc. In the case of mines and quarries a very large portion of the income earned is due to the original wealth beneath the soil. As will be more fully shown

[1] See Inland Revenue Report, Cd. 2228, p. 205.

in a later chapter, this item probably ac counts for less than; £6,000,000 a year. The land values involved in the other items included in Schedule D. can only be guessed at, and £4,000,000 a year is probably a fair guess. We thus arrive at a total of something over £70,000,000 a year.

This seems very small in comparison to the wild figures put about by the land-taxers, but it is probably a good deal more than the total that would be realized if assessors were to go round the country and try to ascertain the true land value after making due allowance for all the capital spent upon improvements. If the assessments were fairly made on strict Henry Georgite principles it is doubtful whether a total of even £50,000,000 would be reached.

The price of the millennium.—Let us, however, take the higher figure in order to be on the safe side, and assume that seventy millions a year is the value of the bare land which Mr, George wishes to appropriate. Part of this is of course already appropriated by the State by means of taxation, certainly not less than five or six millions a year. Another appreciable part is already vested in corporate bodies and employed for public purposes. Nearly every municipal corporation and board of guardians in the United Kingdom has some freehold property; hospitals, colleges, and endowed schools have more; and the ecclesiastical commissioners have large estates in almost every county. Consequently our rough guess must be still further reduced, and if we put the net figure at sixty millions it will be a liberal estimate. It is this sixty millions a year that Mr. George wishes to get at. In return he promises us the abolition of poverty and crime, of dirt and disease, of vice and misery; of every ill, in fact, that flesh till now has been heir to. Truly Mr. George's millennium is cheap at the money ! Sixty millions a year is less than half of our public national expenditure. Can any sane man believe that the reign of heaven on earth will begin in these isles when the burden of meeting one-half of the public expenditure of the kingdom is transferred from the general taxpayer to the owners of a particular species of property? Or, on the other hand, if it be true that the millennium can be bought so cheap, does not common fairness suggest that since all will profit by the purchase all should share in the expense?

With these two questions we must leave Mr. George and his scheme for regenerating the world by confiscating rent.

The unearned increment of land values.—A scheme of a more solid character for dealing with the income derived from land was proposed by John Stuart Mill. The point on which Mr. Mill fixed his attention was the growth of rent apart from the exertions of the owner of the soil—the "unearned increment," as he named it. In progressive countries this unearned growth is an almost invariable accompaniment of the increasing wealth and activity of the population. The owner of a bit of land in or near a great city need generally have no anxiety about its future value; he has only to sit still and wait. While he waits others will work, and will presently of their own accord offer him more rent for the use of his land for one year than his fathers would have dreamed of demanding for the freehold. No one can contend that the owner of the soil is morally entitled to this unexpected increase in the value of his property. He has not reckoned upon it; he has not earned it; it is a free gift from the industrious and enterprising community around him. If then the community chooses to decline for the future to make such gifts, it is perfectly justified in doing so, and the owner of the soil will have no excuse for complaining.

John Stuart Mill's proposal.—The plan suggested by Mill for putting a stop to these liberal gifts to persons who for the most part stand in little need of charity, was some what as follows:—The present value of the land is to be carefully assessed and noted, the value of any improvements added to it will also from time to time be noted; then, after the lapse of a specified period, the whole will be reassessed, and such additional value as it is found to have beyond the value of the improvements made will be treated as unearned increment, and taken back from the owner by a special tax. This proposal involves no injustice to the owner, and is a theoretically perfect method of enabling the general community to enjoy collectively a source of income which its collective energy has created.

Practical difficulties.—Directly, however, we begin to consider how the scheme would work in practice, we find very serious difficulties. To estimate the value of a piece of real property as it is, treating it as a whole thing, is not hard; its value is what it will fetch in the market. But how is the value of any added improvement to be estimated? The cost of the improvement is not necessarily a guide, for different people might take different views as to the wisdom of

the expenditure. In no case, indeed, does the cost of production of a commodity exclusively determine its price, and still less can this be so when the commodity is in separable from one particular small spot on the earth's surface. Nor can the value of the improvement be tested by asking what it would fetch in the market, for an improvement to a house or farm is not an independent commodity, but a modification of an existing commodity, and cannot therefore have an independent market price. There must then necessarily be room for wide divergence of opinion as to the value to be assigned to particular improvements, and room consequently for frequent disputes between the owners of real estate and the revenue officials. On the one hand, owners would constantly complain of unjust assessment; on the other hand, the assessors would frequently be swindled by speculators who had run up new buildings to secure an allowance for improvements.

The possibility of unearned decrement.—There is, moreover, a further objection to Mill's scheme which is worth considering. The increase in the value of real estate in a progressive community, though general, is by no means universal, and if the community deprives the owner of any possible increase, it ought also to guarantee him against a possible decrease. If it does not do so, the arrangement becomes of the "heads I win, tails you lose" type; and that this is practically, as well as sentimentally, unjust can easily be shown. The present value of a piece of land, or of any permanent investment, is necessarily affected by the general anticipation of what will be its future value. This fact the assessors under Mill's scheme would in fairness allow for in their assessment; they would take the actual selling value of the property at the present moment. But directly this was fixed as the maximum value which the property could attain, it would cease to be the selling value; for any investor would reflect that while there was no hope of the property appreciating there was a risk of its depreciating, and on account of this risk he would offer something less than the maximum fixed. To this extent then landowners would lose part of their present property by any confiscation of future increment which was unaccompanied by a guarantee against future decrement.

A State guarantee against decrement impolitic.—On the other hand, there is much to be said against the policy of such a guarantee.

When Mill wrote, the rise in the value of all land since the beginning of the century had been fairly continuous, and he practically ignored the possibility of any general fall. Since his death, however, there has been an almost universal decline in the value of agricultural land in the United Kingdom, and an appreciable decline in the value of house property in many small towns. If, therefore, Mill's scheme had been adopted during his lifetime, and the execution of it entrusted to local authorities, many of these would have been landed in a ruinous loss. The same loss, it is true, would not have been felt had the national government undertaken the scheme; for the decline in country rents has been more than made good by the growth of rents in large towns. But are we justified in assuming that this would always be the case? The rate of increase in our population has already begun to decline, and it is conceivable that in three or four generations an actual decrease may begin to be felt. Moreover, it is possible that improved means of transport may lead to such a spreading of the population as to diminish the total rent of the soil. Under such conditions the nation might find that it had made a very bad bargain in guaranteeing to landowners an income based on their present rentals.

This consideration, it will be noticed, applies equally to any schemes for the wholesale purchase of land by public authorities. It does not, of course, condemn such schemes entirely, for the public ownership of land may produce compensating advantages, but it condemns them as financial projects, and that is the only aspect with which we are at present dealing.

The agricultural labourer's "unearned increment."—Is there then, it may be asked, no means by which the community may be enabled to realize, for the benefit of all, land values created by the activity of all? Before attempting an answer to this question, it is worthwhile to point out that landowners are not the only persons who profit by the general progress of the community. Compare, for instance, agricultural labourers and urban landholders. During the last fifty years, the progress of manufacturing industries in England has caused a depletion of the country districts and a filling up of large towns. The owners of urban land have profited enormously; so also have agricultural labourers. There is little doubt that in nearly every county in England, the condition of the agricultural labourer is incomparably better than it was fifty years ago. He is better fed, better housed, better

clothed; he has a more independent position and less prolonged labour. To earn these improvements he has done nothing; he works not harder but less hard than before; nor has he lightened his labour by any appliance of his own invention. He has, with rare exceptions, joined no trade society, and taken part in no political agitation. In a word, everything he has gained has been poured into his lap as a free gift from those around him. The same cause which has swollen urban rents, namely, the townward flow of the population, has simultaneously forced up agricultural wages. Why then tax the unearned increment of the urban landlord and leave untouched the unearned increment of the agricultural labourer?

No answer can be given except these: that the labourer, in spite of fifty years of progress, is still painfully poor, while the urban landlord is generally rich; that the labourer must work for his wage, while the landlord may, if he choose, be altogether idle. In other words, the landlord is to be taxed rather than the labourer, because it is desirable that taxation should fall on the idle rich rather than on the industrious poor.

The "unearned increment" of other classes.—This is a proposition with which no man can quarrel, but it carries us far beyond the project for a special tax on the unearned gains of the ground landlord. We are at once driven to ask why one particular class of the idle rich should be selected for taxation. The ground landlord is not the only person among rich men to profit by the progress of the community. A banker's gains are closely dependent on the activity and enterprise of the surrounding population, and a shareholder in a large London bank, living at his ease at Monte Carlo, may find his income steadily increase from causes to which he does not contribute, and which he cannot control. Barristers too as a class do not create their own prosperity; they are obliged to wait till business comes to them, and their collective earnings are less influenced by their own industry than by the enterprise or the quarrelsomeness of the general public. Indeed, as regards the leaders of the profession, the fancy fees which their reputation enables them to demand are strictly analogous to the rents paid for fashionable sites in a town. Nor can it with accuracy be urged that such special profits as these are irregular and fleeting while the rent of land is permanently progressive.

It is indeed true that the power of a successful banking firm to command, through several generations, a rent for its name, may be suddenly and completely destroyed; while obviously the fees of the popular King's Counsel must determine with his life, if not earlier. But neither is the growth of ground rent so certain and stable as is generally imagined. There is a fashion in localities as well as in King's Counsel; and business quarters have their ups and downs as well as banking firms.

Irregularities of fortune cannot be prevented short of communism.—There is then no sufficient warranty for the assumption that the incomes of ground landlords will of necessity and for all time grow more certainly and more rapidly than those of other classes in the community. The only safe statement is this: that in the progressive development of a society, based upon private property and free competition, some individuals will always from time to time profit more than proportionately by the general advance in prosperity. It may be the ground landlord, it may be the farm labourer, it may be the city banker, who for the time being is the lucky individual; but in no case can we accurately determine the extent of his exceptional gains, and still less can we safely predict their continuance. Further, the more than proportionate gain of some classes must have its counterpart in the less than proportionate gain of other classes. Hence, if equality be our ideal, these classes too ought to be sought out, in order that they may receive just that amount of compensation that will level their gains with the general average. The mere statement of this side of the problem is sufficient to prove the insolubility of the whole. Nothing short of absolute communism rigidly enforced will prevent the growth of irregularities in fortune, and the attempt to accurately counterbalance these unequal gains by means of taxation must be abandoned as hopeless.

We can, however, so arrange our system of taxation that it shall mitigate instead of aggravating inequalities that are inevitable in all progressive societies, and this is one of the most important problems that practical statesmen have to consider. An attempt will be made to deal with it in the next chapter. The point with which we are now specially concerned is the immorality of the proposal to confiscate a particular species of private property, or a particular kind of private income, in the supposed interests of the public. If the public interest

really demands the abolition of private property in land, or the annexation of rent, then it is imperative that the present owners should receive compensation. It is monstrous to base a public reform on a private injustice. What the public requires for its good, the public must pay for out of its purse.

Chapter VIII.
One Taxpayer, One Vote.

In the concluding paragraphs of the last chapter it was asserted that, except under a system of rigid communism, inequalities in private fortunes are inevitable, and cannot be removed by any form of taxation. This proposition hardly needs proof, or even illustration; but a story recently told by Lord Brassey bears so closely on the subject of the present volume that it is well worth quoting. Writing in the Times of 25th December 1905, Lord Brassey describes the settlement of several hundred European families in Argentina:

> "The railway from Rosario to Cordova, 260 miles in length, was made by my father and his partners, the Argentine Government giving a land grant in payment. In the earlier and less prosperous days of Argentina settlement had not begun in the country served by the new railway. As a commencement, some hundreds of families were sent over from all parts of Europe. Their passages were paid. A free grant of 80 acres of fertile land was made to each family. For each a house was built, a well was dug, tools and seeds were provided, and provisions supplied for twelve months. I visited the settlements three years after they had been formed. All the settlers had started level in the race of life, and all had had a good start. The majority were highly prosperous. The less fortunate—and they were many—were being fed at soup kitchens."

This is only a more than usually striking illustration of the obvious truth that so long as men differ in physical strength and mental vigour so long will some rise and others fall. We all should like to lift the fallen, but if we make absolute equality our ideal the lifting process becomes impossible. Equality can only be secured by allowing the weakest to set the pace, and by compelling the energetic to adapt their stride to the crawling footsteps of the cripple and of the sluggard. When once this is realized it will be seen that, whether equality be or be not an ideal, it can never be attained by a nation that has once escaped from the crude communism of primitive man. For no existing social order can be changed except by the efforts of the more energetic members of society. They are the driving force, and while

they are pressing forward the idlers and the weaklings look on and gape, ready to profit by the efforts of others, but unwilling, or unable, to lift a hand to help. Enthusiasm for humanity will spur on the energetic to work for reforms which will brighten the prospects of the unfortunate and facilitate the advancement of the deserving, but no energetic man will ever consciously work for the establishment of a social system which will deprive him of all outlet for his energy, and render impossible the further progress of humanity. In a word, communism as a practical basis of human society has gone for ever. It became impossible when we ceased to wear woad, and will not be recalled by wearing red ties.

Underpaid workers, overpaid idlers.—If, however, we dismiss the idea of equality as impracticable of attainment, even if it be not false in conception, there is still no reason why we should fold our hands in passive submission to the injustice of our present social system. The central injustice, which all men instinctively feel, lies in the fact that, broadly speaking, those who do the hardest work in the world receive the lowest pay. It is this fact that ex plains the enthusiasm which almost any proposal for social change can temporarily command. Men are rightly so indignant at this central wrong that for a moment they are ready to grasp at almost any professed remedy. Just for this very reason it is of the utmost importance that proposals for social change should be carefully thought out in advance, so that the time and the energy of man kind may not be wasted in the strenuous advocacy of schemes that would lead, not forward to the hills, but backward to the quagmire.

The main object of land-taxers is to secure a better distribution of wealth, and the question with which we are here concerned is whether this object can be attained by means of taxation. In the opinion of the present writer, although taxation reform is in itself a matter of the very greatest importance, the general problem of the distribution of wealth must be attacked by other methods. If any attempt were made, by means of taxation, to distribute the wealth of the rich among the poor, it is certain that the rich would take care to compensate themselves. As long as men are willing to do hard work for low wages, so long is it impossible to deprive the owners of wealth of the power that money gives.

A question of wages.—The root-evil is the lowness of wages. If we leave that untouched all other reforms will be powerless to redress the balance between rich and poor. Therefore, before accepting, even momentarily, any proposed reform we should ask ourselves whether it will tend to raise or to lower wages. That question obviously opens up a very wide field, and no attempt can here be made to cover the ground completely. It is, however, desirable briefly to call attention to the main causes which determine the general rate of wages in this or in any country.

In the first place comes the efficiency of labour. No wage-earner can—except by accident—receive more than he makes. He cannot even receive as much as he makes, for if he did nobody would have any interest in employing him. In other words, the productive capacity of the workman forms the outside limit of his possible wages. It follows that as the workman's efficiency is increased so will the possibilities open to him expand. This is the reason why the development of machinery throughout the world has in the main been followed by an increase of wages. More wealth is made, and, therefore, more is available for the workman's share.

Skill and honesty.—The same consideration proves—if proof be needed—that the skill and honesty of the individual workman are potent factors in determining his scale of pay. The skilled man produces more wealth in a given time than the unskilled man; the honest workman saves his employer the expensive precautions that must be taken to prevent dishonesty. Indeed, of all the causes that tend to keep down wages in this country, none is more serious than the delusion, so widely spread among a section of the wage-earning class, that a man is benefiting his fellow-workmen by doing as little work as possible for the wage he receives. In reality he is diminishing the sum total of national wealth, and, therefore, diminishing the only fund out of which the working classes can be paid. The man who works honestly, whether with brain or muscle, inevitably benefits not only himself and his employer, but also his fellow-workmen, for the wealth he creates itself becomes the creator of more employment.

Freedom of trade.—Another factor of supreme importance to the efficiency of labour is freedom of trade. It is by means of trade that countries and districts and individuals are enabled to concentrate their energies on the work that suits them best. Wherever barriers are

created in the way of trade this beneficial process is checked, the wealth of the world is diminished, and, as a necessary con sequence, the wages of the working classes cannot be so high as otherwise they might have been.

Lastly may be mentioned what is, perhaps, the most obvious, though often the least noticed, element in the determination of wages—namely, the natural advantages of the soil. Neither honesty nor skill nor perfection of machinery nor freedom of trade will make high wages for anybody in the Sahara Desert. On the other hand, when Nature smiles the clumsiest of labourers, with the rudest of tools, can, without excessive effort, earn enough to keep himself in comfort and his master in luxury.

The problem of distribution reviewed.—Clearly, however, these considerations with regard to the efficiency of labour do not cover the whole wage problem. They are, indeed, the most important elements in the problem, for unless the wealth is produced it cannot be divided. Moreover, what the wage-earning classes could conceivably gain from a better distribution of the total wealth now annually created is a mere nothing in comparison with what could be gained by an increase of that total. This is a point too often overlooked. The rich are so much in evidence at one end of the social scale, and the poor at the other, that we forget the great body of comfortable people, both working class and middle class, who make up the mass of the nation, and who already divide between them the greater part of the total wealth produced. The share available to most of these would probably not be increased at all, and the share of those beneath them would be increased but slightly, if all the wealth of the nation were distributed equally. Nevertheless, those of us who have any sense of justice must always rebel at the fact that a large share of the wealth of the world is constantly absorbed by people who do no work at all, while those who work hardest may in some cases gain nothing from the ever-increasing production of wealth. This is the real problem of distribution, and essentially, as above explained, it is a problem of wages.

Divine discontent.—If the worker is to secure a larger share of the wealth of the world he must demand and obtain higher wages. How, then, is he to be stimulated to make that demand, and how is he to be empowered to enforce it? Of this we may be certain, that he will not

make the demand at all unless his ambitions for a higher standard of life have first been quickened. As long as the workman is content to plod on from day to day, earning just enough to provide the bare necessaries of life; as long as he is con tent to leave himself without provision against rainy days, without provision for old age and death, so long will his wages continue low. The first step of all, then, is to spread wide the doctrine of divine discontent. A man who is content to live from hand to mouth is a traitor to the whole wage-earning class, and a drag upon the nation. He must be reformed before any real reform of society is possible; he must be taught that his contentment is a crime, and that his most urgent duty is to strive for better things.

Mischievous philanthropy.—In order to drive this lesson home it is important to avoid as far as possible any measures that would encourage the workman to look to others rather than to himself for his uplifting. We must, of course, maintain some system of public relief for those who break down altogether, whether from weakness or from vice, but we must be careful to avoid the mistake of treating failure as a title of merit. The man who fails to maintain himself is a deadweight upon the community, and it is unjust that such a man should be maintained at the public expense in greater comfort than can be secured by those who have done their duty to themselves and to their fellows. The effect of such misplaced generosity must inevitably be to encourage men to rely upon charity or upon the poor law rather than on themselves, and thus to deprive them of all incentive to demand higher wages.

Rely upon yourselves.—The same consideration applies to various popular proposals to secure a better distribution of wealth by Act of Parliament. The mere advocacy of many of these schemes does mischief, for it encourages the wage-earning classes to rely on the delusive promises of the glib politician instead of on the real remedy that lies in their own hands. It is only by a rise in wages that the excessive property of the rich can be effectively diminished, and a rise in wages can only be secured by the determination and the action of the wage-earning classes themselves. Instead, therefore, of holding out hopes of a new heaven on earth, to be secured by the easy process of dropping a piece of unsigned paper into a ballot-box, it is the duty of those who wish to help to raise their fellow-men to insist that no real

progress can be secured without personal effort, and that the reform of any society is impossible without the reform of the individuals who compose it.

The responsibility of citizenship.—Bearing this broad principle in mind, I believe that there is no political reform so urgent as the establishment of a system of taxation that would bring home to every citizen the responsibility for his citizenship. Our present system egregiously fails to secure this ideal. On the one hand we have a small minority of voters paying direct taxes, of which they are keenly conscious. On the other hand the mass of the voters pay heavy indirect taxes without realising that they are being taxed at all. As a consequence of this inherently vicious system no serious attempt is made by politicians to secure either equity in the distribution of public burdens or economy in the expenditure of public funds.

A palpable injustice.—Take, for example, the tea tax. A country labourer earning 15s. a week spends an appreciable sum every week on tea. It is one of the few luxuries that he can afford. A town artisan on £3 a week will probably use no more tea, if as much. These two men, therefore, are paying the same tax, although the income of one is four times as great as the income of the other. The same argument applies, with increased force, to the sugar tax, for even if tea be classified as a luxury, sugar is certainly a necessary of life, and all the more necessary to those whose wages do not permit a large expenditure upon meat. Here, then, we have a gross and palpable injustice, affecting not merely a few persons at the top of the social tree, but affecting the great mass of the population; and yet little is said about it because these taxes are so concealed in the selling prices of the articles that the public is never reminded of their existence. Almost equally unjust is the artificial line that is drawn between income-tax payers and non-payers. There is no reason in equity why a man with £170 a year should pay an income-tax of l0s. a year and a man with £160 should pay nothing at all. Still more inequitable is the income-tax in the way in which it is administered. In practice, every man who is earning weekly wages for manual work is exempt from the tax, although his earnings may largely exceed those of the clerk or curate or struggling shopkeeper. It would be an insult to the well-to-do artisans of this country to suggest that they are in favour of the maintenance of such an injustice.

A widespread delusion.—Yet as long as these wrongs continue so long will it be impossible to secure any real parliamentary force in favour of public economy. Members of Parliament are dependent for their political existence upon the votes of the electorate that sends them to Westminster. If the mass of the electorate pays no direct taxes, and is half unconscious that it is paying any taxes at all, it will remain indifferent to the need for public economy, and that indifference will be reflected in the tone of the House of Commons. Moreover, our system, unfortunately, breeds a feeling worse than indifference with regard to public expenditure. There is a widespread belief, sedulously encouraged by the socialists, that lavish public expenditure is a good thing for the nation, provided only that taxes are confined to the incomes of the rich. This delusion arises from the persistent human habit of never looking beyond the facts immediately visible. It is easy enough to see that, if a tax is imposed on the incomes of great landowners, and if the money so obtained is spent in paying wages to the unemployed, some of the rich will suffer and some of the poor will gain. It is less easy to see that this arbitrary transference of wealth will immediately create a new body of unemployed, and will ultimately tend to lower the wages of the working classes. The money taken from the rich was previously being spent by them on the satisfaction of their wants. Possibly those wants were luxurious and frivolous, but the people who were employed in supplying those wants were honestly doing the work they were paid to do, often, indeed, with out any knowledge of the destination of that work. These people will be thrown out of employment. What is the nation going to gain for the suffering inflicted upon them? If it were going to gain something of real utility—better roads, better schools, more public parks, or even more ironclads, so far as more are needed to defend the country—then we might argue that the gain to the nation justified the injury done to these skilled workmen by throwing them on the streets. But if there is to be no national gain, if the money is only to be spent in useless work, invented as an excuse for paying wages to incompetent workmen, then on no moral ground can we justify a procedure which will deprive an efficient man of his job in order to make a job for an inefficient man. The effect of such arbitrary transference of employment must be to discourage the men who have succeeded in obtaining work for themselves by their own in-

dustry and steadiness, while giving encouragement to those who have been content to lounge through life, waiting for something to turn up. Thus the incentive to strive for better things is withdrawn; as a necessary consequence, national wealth is diminished, and the wage-earning class inevitably suffers.

A constitutional scandal.—The importance of these considerations would quickly be appreciated if every voter paid a direct tax both for national and municipal services. At present our system of local taxation suffers from evils as serious as those that affect our national taxes. In a previous chapter it was argued that ultimately all charges on fixed property tend to fall upon the owners of the soil, but immediately many of these charges have to be paid by the occupier. The process of readjustment may take so long, and is so obscured by other economic influences, that often neither party knows where the real burden lies. Thus the community is deprived of one of the best of all guarantees for good government—the taxpayer's knowledge of what he has to pay for the governmental services that he controls.

This evil is intensified by many incidents of our rating system, and especially by the mischievous practice of compounding for the rates. Neither in East End tenements nor in West End flats does the occupier ever know the unpleasant experience of receiving a rate collector's demand note. Yet such occupiers are constantly increasing in number, and by their votes they can impose on their fellow-citizens charges which may often turn the scale between success and ruin. So great has this evil become that in some parts of London more than half the electors pay no rates, while a very large number of the persons who provide the municipal revenue are excluded from the municipal franchise. Our ancestors fought and died for the doctrine that taxation and representation should go together, but we, who have inherited the liberties they won, look on with indifference while the very foundation of those liberties is being sapped beneath our eyes.

In addition to this grave constitutional evil there is an economic evil hardly less serious. As local rates are now assessed, a man who lays out money in improving his premises will be promptly taxed upon those improvements, even if they are yielding him no increased income. If this were done in Turkey or China we should point to the system as proof of the incapacity of Oriental races to grasp the elementary principles of progressive government, but because it is done

here in England, by the authority of overseers of the poor and assessment committees, we accept it as part of the eternal law of the universe.

One taxpayer, one vote.—What, then, is the ideal? The ideal is a direct tax which every voter would pay, but which would be graduated according to the means of the payer—in other words, a universal and graduated income-tax both for municipal and for national purposes. There are, of course, many administrative difficulties to be surmounted before such a tax could be introduced, but when a clear principle can be seen it is worthwhile to take pains to surmount difficulties of detail. It is impossible here to discuss all the complexities involved in such a sweeping reform of our system of taxation. Those who wish to see by what varying methods the principle advocated can be applied, may be advised to read the official reports on the different forms of income-tax existing in foreign countries and British colonies.[1]

Admittedly, the cost of collecting a universal income-tax would be serious, but that cost would be met wholly or in part out of other savings immediately available. In the first place, since the same system of taxation would be employed both for municipal and for local purposes, the same officials would collect both taxes on the same demand note. In the second place, since it is of the essence of the proposal that taxation and representation should once more be brought together, the payment of the tax would automatically constitute the voter's qualification. The whole of the expense and trouble now incurred on registration and on fighting voters' claims would thus be saved to the country. Incidentally, this proposal would solve a number of vexed problems with regard to the franchise. The moment the franchise is placed on a tax-paying basis it becomes obvious that the sex of the voter is a matter of indifference. Every person, male or female, of suitable age,[2] enjoying a separate income and paying a separate tax, would have the right to vote, and that right

[1] Cd. 2587, and Parliamentary paper 196 of 1905.

[2] It is open to question whether the age for civic majority might not with advantage be raised from twenty-one to twenty-five. As the world grows older her children seem to grow younger.

would be assured immediately the tax was paid, without waiting for some arbitrary period of residential qualification to elapse.

Equity between rich and poor.—With such a tax as above proposed it would be possible at once to get rid of the worst injustices of our present system of taxation. At present a labourer with a family of four or five children will pay in taxes on tea and sugar not less than 6d. a week. If his wages are only 15s. a week that is the equivalent of an income-tax of 8d. in the £. Such a tax on such an income is obviously excessive. A quarter of this amount would be an ample contribution to ask from a man with such narrow means. Relieve him, then, of three-fourths of the tax he is now paying to the national exchequer, but, by calling upon him to pay the remaining fourth directly, give him the proud consciousness that he is helping to support the great nation of which he is a member. With regard to the graduation of the income-tax, it is always alleged that the administrative difficulties in the way are too serious to be overcome. That statement cannot, however, be accepted without examination. At present the great majority of income-tax payers are entitled to some rough kind of graduation. All persons whose incomes are less than £700 a year may claim an abatement from the full rate of the tax, and most of them do claim it. Up to that point, therefore, graduation actually exists. If the limit of £700 were extended to £1500, and the scale of graduation were itself made somewhat more gradual, nine-tenths of the problem would be solved. There are, comparatively speaking, so few incomes above 1500 a year that it would not be worthwhile troubling to carry the scale of graduation beyond that point. All incomes above £1500 a year might, without serious unfairness, be charged uniformly at the maximum rate.

Earned and unearned incomes.—Something more, however, is needed than better graduation of the income-tax Even more important is a differentiation between earned and unearned incomes. Under present conditions, a man who has £600 a year derived from investments pays the same tax as, and no more than, a man who earns that amount by his own industry in a business or a profession. It is obvious, however, that the former can afford to pay a higher tax than the latter. A man who earns his income by his personal exertions has to make provision out of it for illness and old age and death. A man who owns an income from investments is relieved from all these

charges upon it. His income goes on whether he is ill or well, and survives after his death for the benefit of his dependants. It is, therefore, only just that a higher rate of tax should be levied on unearned than on earned incomes. This reform, it may be mentioned, was attempted by Mr Disraeli in his December Budget in 1852. He was defeated, however, on another issue, and the reform has not since been seriously taken in hand by any statesman. Mr Gladstone, however, in 1853, made a small concession intended to partly meet the injustice complained of. He provided that premiums paid for life insurance should be entitled to exemption, provided that they did not exceed one-sixth of the total income. This exemption still continues, but is obviously inadequate to redress the balance between earned and unearned incomes. A perusal of Mr Gladstone's speech in 1853 shows that his main reason for not proposing a more drastic remedy was his belief that the income-tax was only a temporary tax. It will be remembered that, twenty-one years later, he suggested its complete abolition.

Colonial and Continental practice.—In several of our own colonies, and in several Continental countries, the distinction here advocated is already in operation.

In South Australia the tax on incomes derived from property is double the tax on incomes derived from personal exertion. In both cases the rate of the tax increases with the amount of the income. Victoria and Queensland have practically the same system as South Australia, with small differences of detail.

In Prussia the principle of differentiation is secured to a moderate extent by imposing a small supplementary tax on capital, in addition to the tax on incomes. Both taxes are payable quarterly. The income-tax starts with incomes of £45 a year, and rises with rapid gradations. For example, a man with £50 a year pays 6s. by way of income-tax; a man with £100 pays 31s. An abatement is made for every child under fourteen resident with its parents.

In Saxony the income-tax starts with incomes of £20 a year, and is graduated. There is an additional tax on property, as in Prussia, and the same arrangement with regard to children.

In Bavaria a definite distinction is drawn between earned and unearned incomes. The rates on the latter are very much higher than on the former, the difference being specially marked on the smaller

incomes. In both cases the tax is graduated, and every person, however small his income, has to pay something. For example, a person in Bavaria earning an income of £25 a year pays 6d. by way of income tax; a person enjoying an unearned income of the same amount pays 12s. Again, on an earned income of £100 the tax is 12s., on an unearned income of the same amount it is 70s.

In Austria there is a graduated income-tax, starting with incomes of £50 a year. A rebate of £21 is made from every income derived from labour, physical or mental. A further rebate is made for children incapable of earning their living.

In Switzerland various forms of graduated income-tax are in force in different cantons, and various devices are employed to place a heavier burden on incomes derived from property than on those derived from personal exertion.

In Holland there is a graduated income-tax, combined with a graduated property-tax. Incomes derived from industry are taxed at about three-fifths of the rate of incomes derived from property.

The above illustrations of what is already done in other countries sufficiently demonstrate that it is practically possible to secure both the graduation and the differentiation of the income-tax.

An equitable substitute.—The accomplishment of this reform would secure all that is valuable in the programme of the land-taxers, but would secure it by equitable means. The land-taxer points, with just indignation, to the spectacle of the wealthy landowner drawing an income, for which he does not work, out of the labour of others who toil incessantly; and he rightly demands that such a man should be taxed at a higher rate than a man who works for every penny he receives. To that proposition no exception can be taken, but it applies to the stockowner equally with the landowner. There is no reason whatever why a man whose income is derived from Consols or railway stock or gas shares should be taxed at a lower rate than a man whose income is derived from land. Both incomes are drawn from the wealth that the workers of the country—manual and mental—daily create; or, if the phrase be preferred, both incomes represent a toll levied by private persons upon the industry of the nation. The workers would undeniably be better off if this toll to the drones ceased to exist, but surely in aiming at its reduction we are morally bound to try and secure fairness as between one drone and another.

Even drones have a claim to justice, and it would be monstrously unjust to ruin a minority of them completely, while allowing the majority to go scot-free. Not only would this be unjust, but it would be financially foolish. It was shown in a previous chapter that we might possibly secure some £50,000,000 a year for the State by confiscating rents. We could secure several hundred millions by confiscating dividends.

If, therefore, confiscation were our policy, both justice and common sense demand that we should confiscate all unearned incomes, and not only those that are derived from the ownership of land. If, on the other hand, our object is only to introduce a fairer system of taxation, then clearly we ought not to commit the unfairness of taxing a man who has invested his savings in land at a higher rate than his neighbour who has an equal income from railway shares or other forms of investment.

Proposed universal tax.—What is here advocated, then, is such a reform of the income-tax as would secure

(a) Universality, so that every citizen having a separate income would pay something.

(b) Graduation, so that the rich would pay at a higher rate than the poor.

(c) Differentiation, so that incomes derived from personal exertion would be taxed less than those derived from investments.

We have next to consider how such a tax could be applied to local purposes. The objections brought against a local income-tax are numerous, but two only need here be considered. It is said, and with great truth, that the unpopularity of the tax would be greatly increased if people were compelled to disclose their incomes to the whole town, as they would be if individual incomes were made the basis of local taxation. It is also urged that there is a difficulty in deciding to what locality a particular income belongs. A business man has his offices in London and his home in Brighton. Does his income belong to London or to Brighton?

Application to local purposes.—Both these objections are doubtless serious, but both can be met by the adoption of the principle underlying the French system of *centimes additionnels*. The method of procedure would be somewhat as follows:—

The Inland Revenue officials, as at present, would assess all incomes, and collect all income-tax payments. They would continue to be subject to strict rules as to secrecy. It would be their business to determine in what proportions an income earned in one district and spent in another should be distributed between the two districts. The general principle would be to follow the owner of the income to his residence, because it is there that his interest in local politics would generally be most felt.[1] In the case of companies, the Inland Revenue Department would obtain information as to the place of residence of each shareholder, and then credit him with the amount of the tax paid on his behalf by the secretary to the company. As soon as all the assessments for the year were complete, and the demand upon each taxpayer for his contribution to the national exchequer was ready for presentation, the Inland Revenue Department would communicate with the local authorities. The communication would be to this effect: "We propose to collect from persons residing in your district income-tax to the amount of £100,000 for national purposes. How much money do you want from these persons for local purposes? "Suppose the reply of the local authority to be £10,000, the Inland Revenue authorities would then add 10% to every demand note which they sent out in that district, and pay over the money in bulk as soon as they had collected it. Under this system there would be no greater local disclosure of income than at present, yet every citizen would know how much income tax he was paying for national purposes, and how much for local purposes. At the back of the demand note would be a summary statement of the principal heads of national and local expenditure, so that every taxpayer would obtain a fairly definite idea of where his money was going.

A local death duty on fixed property.—This system, it must be clearly understood, would not enable existing rates to be altogether swept away. The purpose of introducing it would be to prevent any further rise in rates, and to remove some of the worst anomalies of the present rating system. It would provide that new source of revenue for which local authorities are clamouring, and it would provide

[1] Incidentally it may be remarked that the boundaries of nearly all our municipalities and urban districts should be enlarged so as to include dependent villages and outlying residences.

it in the best of all possible ways, by a direct tax on each individual elector in proportion to his means of payment. In most districts this new local tax would be a very small tax, for the bulk of the local revenue would continue to be provided by the old rates.[1] To abolish the old rates altogether would, in the long run, only enrich the owners of the soil, but it is most important that their further increase should be stopped. The mere stopping of the increase would, in the first instance, be a great boon to a large number of tradesmen and manufacturers, who find that their businesses are burdened by the ever-growing charge placed upon commercial or industrial premises. If, however, the argument in a previous chapter has been followed, it will be seen that ultimately the benefit of this relief will tend to pass to the owner of the freehold. In other words, though all the community will profit by the introduction of an improved system of local taxation, the landowners will profit more than any other section. It is, therefore, just that they should pay more, and the best way of securing this additional payment from them is to establish a local death duty, to be levied on fixed, or rateable, property only. By this means the local authority would gradually secure, with the minimum of friction, a substantial share in the value of the fixed property within its jurisdiction.

As a corollary to these reforms it would be possible to get rid of the whole system of grants-in-aid from the national exchequer to the local authorities, and also to get rid of the even more pernicious system of assigned revenues invented by Mr Goschen. A clear distinction would be established, both in our public accounts and in the mind of the private taxpayer, between national and local expenditure. The one would be completely controlled by Parliament, the other as completely by the local authority, and in each case the taxpayer would know how much he was spending, what his money was being used for, and whom he had to call to account.

[1] For the sake of economy it is desirable that the collection of rates should be handed over to the Inland Revenue authorities, who would collect the old rate every quarter simultaneously with the new income tax.

Chapter IX.
Overgrown Towns.

In the preceding chapters we have been solely concerned with the revenue that flows from the ownership of land. It is now necessary to turn to the other main branch of our subject, and consider what are the social and economic effects of leaving the control of the soil in private hands. And the point that specially needs consideration is the question of how far the institution of private property in land is responsible for the overcrowding of large towns. Nothing is commoner than the assertion that it is the bad system of land tenure in England that drives the population from the country to the town; while the advocates of land nationalization explicitly declare that it is appropriation of the soil by private persons that is the cause of all the mischief. Here, for example, are the opening words of a manifesto issued by the English Land Restoration League[1]:—

> "Whereas … the appropriation to the few of the land on which and from which the people of England must live is an efficient cause of dulness of trade, lowness of wages, the idleness of men who should be at work, the forcing of women and children to unnatural toil, the depopulation of agricultural districts, the crowding of city slums, the sapping of national strength by forced emigration … therefore, &c."

Again, Dr. Alfred Russel Wallace, speaking as president of the Land Nationalization Society on June 18th, 1891, prophesies as a result of land nationalization, that "a large proportion of the millions who have migrated during the last twenty years to the great towns, driven away for the most part by the existing land monopoly," would return to their native villages.[2]

The believers in big towns.—Before beginning to examine whether the remedies proposed by these two societies would effect the particular objects they have in view, let us be precise as to the

[1] Now called English League for Taxation of Land Values. Offices:— 376 Strand, W.C.

[2] See Report of the Land Nationalization Society (1890-91), p. 21. Offices:— 432 Strand, W.C.

nature of the evil complained of. Both societies complain of the depopulation of the country and the congestion of large towns, and assume, as a matter of course, that these things are in themselves an evil. To the present writer the assumption seems a fair one; but there are many persons who regard the continued growth of large towns with perfect complacency. Town life, they urge, is fuller, more intellectual, more progressive than country life, and it is an advantage to the nation that as many people as possible should enjoy this more brilliant existence; for country life is dull, and impresses its dulness on the characters of country people; the "son of the soil" is as heavy as the clods he treads, incapable of new ideas, doggedly obstinate to preserve antiquated practices. But even if we assume that this comparison is strictly accurate, it does not follow that all the advantages are on the side of the townsman. The Londoner's contempt for the slowness of country folk is reciprocated by the true countryman's scorn of the "chattering Londoner." Such mutual recrimination of course proves nothing, and it is only when we pass from moral to physical qualities that we get on to really solid ground.

The relative mortality in town and country.—And here there is no room for doubt that the balance is on the side of country life. In spite of the greater wealth of the urban population, bringing to the average townsman better food, better clothing, better lodging than the average countryman can afford, the mortality of large towns is, with rare exceptions, largely in excess of the general mortality of the country. According to the Registrar-General's report for the year 1903, the average death-rate during the five years 1898 to 1902 was 19,2 per 1000 in urban districts, and only 14.3 in rural districts. During the year 1903 this average was greatly reduced in both divisions. In urban districts the mortality fell to 16,996, and in rural districts to 12,884. The ratio of urban to rural mortality in 1903 was in the proportion of 1319 to 1000.[1] In Scotland five groups of registration districts are recognized, and the figures of mortality for 1903 are as follows:[2]

Principal town districts ...	177	per 1000

[1] Cd. 2197.
[2] Cd. 2794.

Large town districts	16,6	"
Small town districts	15,7	"
Mainland rural districts	15,2	"
Insular rural districts	16,0	"

As particular examples of the contrast between urban and rural mortality, the following are instructive:—

Towns		Counties	
Glasgow	21,2	Orkney…	11,3
Greenock	19,9	Shetland .	11,4
Dundee	19.1	Kincardine	12,0

In Ireland no general comparison is worked out between urban and rural rates of mortality, but the following contrasts show that in Ireland, as elsewhere in the United Kingdom, towns are destructive of human life. The figures are for the year 1904:[1]—

Towns		Counties	
Dublin	26,0	Kerry	13,7
Belfast	21,2	Mayo	13,9
Wexford	20,3	Leitrim	14,3
Armagh	20,0	Clare	14,4

Death-rates in France.—Passing to France we find the same phenomenon. In the period from 1861 to 1865 the average mortality of the urban population in France was 26,1 per 1000, of the rural population 21,5 per 1000; in the period from 1878 to 1882 the corresponding figures were 24,3 and 20,9.[2] It will be noticed that the difference between the two rates is slightly less in the second period. This decrease is probably due both to improved sanitation of large towns, and to the inclusion as "urban" of many suburban districts with their relatively healthy populations. Just as the death-rate of London is lowered by its rim of suburbs inhabitated by prosperous, well-fed people.

The drain of young blood from the country.—Nor do the figures we have just given, showing the heavier mortality of urban districts in England, in Scotland, in Ireland, and in France, disclose the whole

[1] Cd. 2673.
[2] *La Population Française*, vol. ii. p. 155.

of the truth. Everywhere the population of large towns is recruited by young men and women attracted by the gaiety of town life, or by the prospect of better wages. On the other hand, at the end of life, people begin to grow weary of the perpetual strain of town work and town amusement, and there is an ebb of population back to the country. Those who have secured a competency retire to enjoy themselves in the simpler pleasures of country life, till death comes. While lower down in the social scale some working-men, for example, railway porters and signal men, when their strength or skill begins to fail, drift back to the less exacting work and narrower wage of the country.[1] The consequence is that the population of large towns contains more than a fair proportion of active adults, of an age when death is least to be feared. If, therefore, the conditions of town life were as healthy as those of country life, the mortality of towns ought to be not higher, but considerably lower than the general average for the whole country. Or, to state the same proposition in other words, if we wish to get an accurate comparison between the rates of mortality in town and country, we ought to take account of age as well as of numbers. This comparison has been made by M. Levasseur[2] for Paris and France in the following table:—

Deaths per l000 persons living of the same age.

Ages	Paris	France
1 to 5 years	58,2	28,0
15 to 20 years	9,1	6,0
30 to 40 years	13,6	10.0
60 to 70 years	51,2	41,0

Thus at each of the ages taken, the death-rate for Paris is far higher than the rate for France as a whole. And France, it must be remembered, includes Paris and many other towns equally unhealthy. If these were excluded so as to compare the mortality at specified ages

[1] Mr. II. LI. Smith, in his articles on the influx of population into London, gives some useful statistics of the ages at which country people leave their homes to seek situations in London. Summarizing his figures, he finds that 80 per cent. of these immigrants are between the ages of 15 and 25. See Charles Booth's book on *Labour and Life in London*, vols, i., ii.

[2] *La Population Française*, vol, ii. p. 402.

in Paris, and at the same ages in rural France, the discrepancy would be still more glaring.

Figures for Germany and Sweden.—In Germany again town life is as deadly as in England and France. The mean rate for five principal cities of Prussia was from 1867-71, 37,4 per 1000; from 1872-75, 40,6 per 1000. But during sixty years the mean rate for the whole of Prussia was only 290 per 1000; being 30,1 for the urban population, and 28,4 for the rural population.[1] For Sweden the same proposition that country life is healthier than town life is proved by an abundance of statistics similar to those just quoted. Another aspect of the same thing is shown by the following table giving the average age at death in town and country:—

Sweden 1871-75	Average age at death in years.	
	Men	Women
Urban	25,8	31,3
Rural	34,2	38,4
General	32,6	37,3

In other words, a Swedish countryman may expect to live eight years longer than a Swedish townsman, and a country woman seven years longer than a townswoman.

Lowered physique of the townsman.—It is unnecessary to insist further on this point. Wherever the statistics have been worked out, the same fact is found, that the inhabitants of towns everywhere die off more rapidly than the inhabit ants of the country. And this inability to resist death undoubtedly arises not merely from the greater facilities in towns for the spread of contagious diseases, but also from a general lowering of the townsman's physique. The point is an important one, and it is abundantly proved by incidental evidence. The question of the migration of country people into towns has long occupied public attention. Mr. H. LI. Smith, in the articles already referred to, shows conclusively that the movement is mainly an economic one. The countryman comes up to London to get better wages, and he comes as a rule not on the chance but with the certainty of

[1] Mulhall, *Dictionary of Statistics*,

finding employment, which will be offered to him rather than to a Londoner. There is much town-work, says Mr. Smith, that town-bred people are unable to do, and hence the countryman is called in. The country immigrant does not therefore drift, as used to be supposed, into the ranks of the unemployed; he goes straight to a situation that has been offered to him, driving out the inefficient townsman. The "unemployed" are "the sediment deposited at the bottom of the scale as the physique and power of application of a town population tend to deteriorate."

If further proof is needed of the diminished vitality that results from town life, we may point to the every-day advice that doctors give to their patients to go into the country to recruit, and to the fact that many of the large hospitals have now established country homes for convalescents. In every way the proposition that human physique deteriorates in large towns is so well established that only a love of paradox can suggest a doubt on the point.

Physical disadvantages of town life irremovable.—Nor is there any solid reason for hoping that we shall ever be able to make our Londons, or even our Birminghams, as healthy as the open country. We may improve our sewers, and consume our smoke, and wash our streets; but we shall never be able to make up for the want of space and country air. To some extent, of course, the establishment of large parks and open spaces does mitigate the evils of crowded towns; it gives us places where we can breathe freely and move freely without fear of inhaling disease or of jostling our neighbours. But so far as public parks are large enough to form at all effective lungs, they take away from the essential advantage of town life, namely, the concentration of a number of persons on a small spot. On the other hand, the physical advantages of the country are capable of immense improvement. At present the inhabitants of many English villages have the poorest of food, tainted water, and no milk, and but for the pure air they breathe their death-rate would be enormous. The removal of these causes of death and disease in the country districts would add far more to the vitality of the nation than any number of millions devoted to the purchase of parks for crowded towns.

Intellectual advantages of large towns.—We have gone at some detail into this question of the physical disadvantages of large towns in order to reinforce, by statistical proof, the tacit assumption of land

nationalizers and other reformers, that large towns are an evil. And to the question of health may be added the question of crime; for it is indisputable that large towns are a breeding ground of criminals. In France, for example, the criminality of the urban population appears to be just double that of the rural districts.[1] That there are some compensating advantages in moderately large towns cannot for a moment be denied. The friction of mind against mind that always takes place where masses of people are living within hail of one another, is perhaps the greatest cause of the social advancement of the human race. But it may be suggested that this advantage could be obtained at a much smaller cost to individual health and vitality. At least two-fifths of the area of London is covered by squalid tenements whose occupants, it may safely be asserted, add nothing to London's intellectual life. They are for the most part engaged in occupations that might equally well be performed a hundred miles away. It is not the mere size of a town that creates intellectual vigour. Probably in the whole history of the world, no city has ever contributed so much to the intellectual progress of the race as ancient Athens. Yet it is extremely unlikely that the population of Athens at any time exceeded one-twentieth of the present population of London. Or, to confine our comparison to modern cities, Paris has but half the population of London, Edinburgh half that of Glasgow, yet no one will contend that the larger town in each case is notoriously the more intellectual. Admitting then to the full the intellectual gain to the race that comes from the existence of large towns, there is still nothing to justify such enormous and increasing aggregations of people as are to be found in modern towns. This being taken as proved, we have now to examine how far the abnormal development of the modern town is due, as both schools of English land nationalizers declare, to the existence of private property in land.

Mr. George's remedy would aggravate the evil.—Let us deal first of all with Mr. George. Would his famous remedy prevent the depopulation of the country and the overcrowding of towns? Without

[1] In 1884-86 out of each 100,000 persons living in rural districts eight were charged with crimes; out of the same town population sixteen were charged. See La *Population française*, vol. ii. p. 456.

the least hesitation it may be answered that it would not. All that Mr. George proposes is to tax land up to the full extent of its unimproved value; he does not propose to dispossess the present proprietors, or in any way to interfere with the tenure of land. The private proprietor would still be able to attach such conditions to the letting of his land as he chose, and would still be able to absorb, where the law allowed it, the fruits of his tenant's labour and enterprise. The only difference would be, that he would have to pay over a considerable part of his present income to the State, and on that account the probability is that he would be a harder landlord than before. The wealthy landlord who can afford to be generous is nearly always the most lenient. So far then as agricultural holdings are concerned, Mr. George's scheme would rather aggravate the evils of the present system.

It may be argued, on the other hand, that the heavy tax on land would cause owners who now keep land for their own enjoyment, or in the hope of securing a rise in its value, to sell or let it for the purpose for which it was best adapted. Very likely. But this would not prevent the depopulation of the country. On the contrary, it would rather increase it. For, in England at any rate, almost the only instance where land is held back for a rise, is in the neighbourhood of large towns. If the owners of such land were forced to sell, the general effect would be a slight lowering of urban rents; but this instead of emptying the large towns would help to swell them. Nor would Mr. George's plan prevent the conversion of Highland pastures into deer forests; for the capitalists, to whom he is so tender, are always willing to pay a higher rent for sporting ground than the farmer will pay for a sheep run.

More apparently hopeful is the idea of creating, by means of State intervention, a system of small farms held on such secure terms that the tenants will be in practically as good a position as occupying owners. Here again, however, experience destroys hope. The system of small holdings is in operation in France, in Germany, and in Belgium, and nowhere has it had the effect anticipated. Everywhere, in fact, throughout the civilized world the townward tendency of the population is as well marked as in Great Britain.

The growth of towns a world-wide phenomenon.—In 1846 the urban population of France was only 25,5 per cent. of the total; in

1886 it was 35,9 per cent.[1] in 1896 it was 39,0, and in 1901 it had risen to 40,9.[2] The actual figures for 1896 and 1901 are worth giving:

Population of France.

Years	Urban	Rural
1896	15,025,812	21,491,500
1901	15,957,190	23,004,755
	+931,378	-486,765

Yet nearly half the soil of France is owned by peasant cultivators. In Germany again, where small proprietors cultivating their own land are extremely numerous, the towns are continually growing out of proportion to the growth of the country. The urban population of the German Empire in 1871 was 36,i percent. of the total; in 1885 it was 41,8 per cent. Even more instructive is the following table, showing the growth of the town population between 1890 and 1900:—

	1890 per cent.	1895 per cent.	1900 per cent-
Towns over l00,000 inhabitants	12,1	13,9	16,2
Towns between 20,000 and 100,000 inhabitants	9,8	10,7	12,6
Towns between 5000 and 20,000 inhabitants	13,1	13,6	13,5
Towns between 1000 and 5,000 inhabitants	12,0	12,0	12,1
All other places	53,0	49,8	45,6
	100,0	100,0	100,0

Nor is it only in the crowded countries of the old world that the towns outstrip the rural districts in rapidity of growth. Both in Canada and in the United States the urban population is increasing far more rapidly than the rural population. In the Australian colonies the tendency townwards is even more remarkable. In the colony of New South Wales the city of Sydney alone now includes more than a third of the population of the whole colony with its immense area of yet uncultivated land; while the city of Melbourne with its suburbs holds two-fifths of the inhabitants of Victoria.[3]

[1] *La Population Française*, vol. ii, p. 338.
[2] *Statesman's Year-Book*.
[3] Census of the Empire, 1901. Cd. 2660.

In the face of such a universal tendency as the above figures show, it is childish to talk as if the overcrowding of London and Birmingham and Liverpool could be completely explained by defects in the English system of land tenure. In order to explain the phenomenon we must clearly find some cause of equally world-wide application.

The popular explanation.—The cause most frequently assigned is the preference that modern men and women are alleged to feel for town-life. Possibly this preference does really exist; possibly if the inhabitants of the civilized world were polled, an enormous majority would declare that they preferred the brightness of the town to the dulness of the country. But neither the assumption, nor the proof, of this preference in the least explains the phenomenal growth of large towns; for unfortunately there are very few people in the world who are at liberty to indulge such preferences. Men and women who have to earn their bread must go where work is to be found whether they like it or not. It is only the favoured few whose incomes are secured without any exertion of their own who are free to live where they choose. The real explanation, then, of the universal growth of large towns must be economic. If this proposition be accepted, the search for a general cause becomes comparatively simple.

The increased efficiency of labour applied to the land.—The great economic feature of the last century has been the improvement of the implements and methods of industry. It is in the department of manufacture that these improvements are most easily noticeable, but they are not less important in agriculture. The typical implement of agriculture, the plough, has been immensely improved by the mechanical progress of the century. The modern plough is lighter to draw, more efficient in its work, and cheaper to buy than the plough of fifty or even thirty years ago. A similar improvement in quality and a similar reduction in price has been effected in nearly every implement that the farmer or his labourer uses. Still more important is the cheapening of the means of conveyance of heavy goods. In the first place, this allows farmers to spread on their fields fertilizers brought from the other end of the world. Secondly, it allows each soil and each climate to be devoted to the crop which suits it best. The rich pastures of England are able to grow beef or milk, while the wide prairies of America with their hot sun are producing wheat. The result of

these various causes is, that the food of the world is now produced at far less cost of human labour than at any previous period.

The demand for food limited; for manufactures unlimited.—It is true that the same economy of human force, it may be even a greater economy, has been effected in the production of nearly every manufactured article.

We have to consider, however, not only the possibilities of production but the capacity for consumption. The human stomach is limited in size, and as soon as it is fairly well filled its owner craves for something besides food. These other cravings have no limit. They are as expansive as man's imagination. As soon as one desire is satisfied another arises; and whenever in the process of mechanical improvement the cost of one manufactured article is lowered, the money saved by the consumer is devoted to some new gratification, and that in turn requires some new manufacture. The consequence is that the labourers, who are no longer needed to produce the world's food, are summoned to the towns to minister to the endlessly expansive wants and whims of the human race.

Remove town industries to country districts.—The true explanation then of the universal townward drifting of the population of the world is the greater efficiency of human labour applied to the production of food. This is obviously not a cause which we should care to remove even if we could. It may, however, be possible, when the cause is clearly understood, to obviate its effects. When once we are agreed that the business of food production must occupy an increasingly small portion of the energies of the race, it becomes clear that the only way to prevent the growth of large towns is to take manufactures into the country. So far very little indeed has been done in this direction. On the contrary, the evil of large towns every year becomes greater, not in England alone, but in all countries possessing an appreciable manufacturing industry. The latest figures in regard to Germany show that, according to the census taken on 1st December 1905, there were then in the German Empire thirty-four cities with over 100,000 inhabitants each. Thirty years previously the number was only 12. In the last five years alone the population of Hamburg has increased from 706,000 to 872,000, and the population of Berlin

from 1,889,000 to 2,034,000.[1] To see what urban congestion means in the United States it is profitable to consult the report of the Tenement House Department of the City of New York. Among the many ghastly facts recorded it is sufficient to mention that Greater New York contains no fewer than 350,000 rooms without any daylight whatsoever.[2]

We are, however, mostly concerned with our own country, and it may safely be laid down that most of our staple industries could be carried on in comparatively small manufacturing centres. A dispersion of manufactures throughout the country is therefore within the limits of economic possibility; the only thing needful is a national determination to bring it about. Probably an improvement in our land laws would facilitate the process, but it would not of itself start the movement, much less secure the end. If we wish to accomplish such a huge transformation of the face of the country, we must deliberately turn the whole of our national policy in that direction.

Government encourages large towns.—At present, unfortunately, our policy is rather the other way. Consciously or unconsciously, the different governing bodies in the country are constantly stimulating the increase of large towns. Let us take first of all the case of London, the largest city in the world. There are undoubtedly many economic reasons for London's enormous size—its splendid commercial situation, the banking business of the world that it has been able to secure, and its long tradition as a manufacturing centre. In addition, London is the capital of the kingdom and of the empire. As such, it becomes the seat of fashion, and wealthy persons flock into it, followed by crowds of more or less remote dependants. So much cannot be prevented. But the inevitable drift towards the capital is further encouraged by a needless centralization of government institutions.

The Law Courts.—The best illustration of this centralization is to be found in the law courts. With the exception of such special courts as the Court of Chancery for the county palatine of Lancaster, and with the exception of the intermittent jurisdiction of the assize courts, the only local tribunals for civil cases are the County Courts, whose

[1] See *Times*, 14th and I5th Dec. 1905.
[2] See *Charily Organization Review* for Feb. 1906.

jurisdiction is strictly limited. Consequently, all the most important legal business of England and Wales is sent up to London for trial. This means, in the first place, an appreciable increase in the number of well-to-do persons—judges, barristers, solicitors and their clerks—living in London; and, secondly, an increase of custom to London trades men and hotel keepers, from the constant influx of witnesses, country solicitors, &c., who spend in London money earned in the country. This concentration of all the legal business of the country at one centre is entirely peculiar to England,[1] and it is hard to find any solid defence for it.

The General Post-Office.—Another illustration of needless centralization is furnished by the post-office. A sub-post master selling stamps in a back street of Birmingham or Belfast is not allowed to account for his sales to the head postmaster of the town where he lives; he must every day send up to London the record of his receipts and outgoings, and must periodically transmit by rail the cash surplus he may have accumulated. The Post-Office Savings Bank is worked on a similar plan. If a Highland shepherd or a Jersey farmer wants to withdraw 5s. from his account at the local post-office, he must apply to London for authority to do so, and he will not be able to touch his money till the warrant arrives. In many ways this excessive centralization is both inconvenient and costly. So far as our present subject is concerned it has the special disadvantage of drawing a large number of young men and women from the country and provincial towns to London, to serve as clerks in the different departments of the General Post Office.

Cheap trains for workmen.—This disadvantage, however, representing the addition of perhaps two or three thousand persons to the salaried population of London, is a small matter compared with the direct encouragement to the establishment of industries in London that Parliament creates by forcing the railway companies to run cheap workmen's trains in and out of the metropolis. The low fares

[1] As a minor illustration of the way in which London is favoured at the expense of the rest of the country, it may be mentioned that a large part of the cost of the London police courts, and of the metropolitan police, and the whole cost of maintaining several London parks and several London streets is borne by the National Exchequer.

charged on these trains enable the workmen who use them to accept lower wages, and this fact in turn enables manufacturers to carry on industries in London which otherwise they would be compelled to move into the country. The loss, or relative loss, on the workmen's trains falls upon the revenues of the railway companies. It must be made good either by charging increased rates or fares upon some other portion of the business carried on by the railways, or it must be deducted from the dividends of the shareholders. In either case persons whose interests may be totally disconnected with London are taxed in order artificially to maintain certain industries in London.

Railway neglect of the country.—While London industries are thus unfairly subsidized, the interests of rural districts are grossly neglected. In the South of England railway directors apparently devote the whole of their attention to the service of London; villages and small country towns are left to take care of themselves. Not only are the trains slow on cross-country lines, but they are often so clumsily timed that passengers are compelled to waste in draughty junctions more time than the journey takes. Moreover, large villages are often left without a station, even though they may be actually traversed by the railway line. In explanation of this neglect, it must be remembered that so far as country districts are concerned, competition between rival companies is, except in rare instances, non-existent. The great railway companies do compete to a limited extent for the traffic of large towns; the intervening villages are entirely at the mercy of the company within whose district they lie.

Municipal encouragement to large towns.—And it is not only the central government and the railway companies that encourage the growth of large towns; the governing bodies of the towns themselves are equally active. Every municipal corporation properly strives to increase the amenities of the town over which it rules, and the very size of the town, by providing a greater taxable area, increases the power of the corporation in this direction. But in many large towns the local authorities, not content with adding to the general amenities of the town, have adopted a policy of subsidizing individual inhabitants. This matter is so important that it deserves more than a passing allusion.

Municipal charity rents.—The subsidizing policy everywhere takes the form of providing certain persons with house room at less

than the market price. In pursuance of this policy the defunct Metropolitan Board of Works, during its existence, sank more than a million sterling in securing sites for artisans' dwellings. With the same object the London County Council has continued to dissipate public money at a rapid rate. On one re-housing scheme alone, the Boundary Street area in Bethnal Green, £270,000 has been spent for the benefit of 4300 persons, or at the rate of £63 a-head. And this sum, like the previous million, be it well understood, is not a capital outlay that may be recouped afterwards by the rents charged for the houses; it is the actual net loss on the whole transaction.[1] Again, on a small area in Holborn, a net loss of £8072 has been incurred in order to re-house forty-one persons, or at the rate of over £200 for each person housed. This is the most flagrant case of all, but on every re-housing scheme under taken by the London County Council there has been some loss. On the schemes completed by the end of the year 1904 the total realized loss was £413,000, and it seems probable that at least as great a loss will be incurred on schemes still in progress. Take, for example, the Bourne Estate, also in the Holborn neighbourhood, purchased by the County Council in order to re-house persons displaced by the Holborn and Strand improvement. The cost price of this estate was £201,000. At that figure it was hopeless even to attempt to show a profit on the proposed housing scheme. The Council therefore began by writing down the value of the land to the arbitrary figure of £44,000; the remainder of the cost of the estate being charged to Street Improvements. Even after this writing down, the Council has to charge rents of from 9s. 6d. to 11s. a week for a three-roomed tenement in order to show a paper balance. The buildings will accommodate 2640 persons, so that there is a net loss to the ratepayers of nearly £60 for each person housed.[2]

Parliament partly to blame.—In defence of these operations it is argued that the Council has no alternative, because it is compelled by Parliament to make provision for rehousing the disturbed population either on or near the disturbed site. This defence at best merely distributes the blame between the Council and Parliament, but, as a

[1] See Report of Commission on London Traffic, cd. 2597, p. 13.
[2] Cd. 2597, p. 10.

matter of fact, the Council in its earlier days strongly supported, and pressed for, the very policy which it now claims has been forced upon it by Parliament. In the case of the Bethnal Green scheme—the first and most expensive of these re-housing experiments—the Council deliberately decided to adopt the policy of charity rents. It decided that the rents of the new dwellings were to be fixed, not at the figure that free competition among possible tenants would determine, but at a figure suitable to the pocket of a "poor man"; and it came to this decision with its eyes open, fully knowing that there was other accommodation available for poor men on less expensive sites. The Committee of the County Council charged with the preparation of the Bethnal Green scheme pointed out that, at places a few miles from London, easily accessible by workmen's trains, good houses could be obtained in plenty, at moderate rents, even adding the train fare to the actual rent. "But," naively added the report, "your committee are aware that but a small number will avail themselves even of cheaper and better dwellings when they are at a distance from town life." Put in other language this means, that persons who prefer town life, but are too poor to indulge their preference at their own expense, may come to the County Council and get a subsidy sufficient to cover the extra rent of a town house.

If the persons actually displaced were the same as the persons who obtain this subsidy there might be some defence for it, on the ground that these persons had a vested interest in their town residences. In practice, however, this is not the case. The original population disperses itself long before the new buildings are ready for occupation. For example, in the Bethnal Green scheme, out of 5719 persons displaced, only eleven returned to the new dwellings.[1]

Suburban building schemes.—Happily, the London County Council is at last beginning to grow tired of building workmen's houses on sites that are only suitable for expensive shops or banks or warehouses. Instead it has adopted the policy of buying suburban estates, where decent houses can be built at a comparatively moderate cost. These suburban schemes are an immense improvement on the old policy, but whether they will result in an actual profit to the ratepayer

[1] See Cd. 2597, p. 14.

only the future can show. At present they are necessarily burdened with the cost of the undeveloped portion of the estates purchased. For example, at Tottenham, 225 acres came into the possession of the Council in November 1901. By November 1904 only five acres had been built over.[1] The Council wisely refrains from building more rapidly, lest it should increase the already large number of empty houses on its hands. Incidentally it may be remarked that it is fortunate for the ratepayers of London that Parliament has not yet, in obedience to the demands of the land-taxers, subjected these 220 acres of land held up by the County Council to an annual tax on their supposed building value.

The policy of charity rents.—One word in conclusion with regard to the general policy of charity rents as applied to the provision of houses for the working classes in the centres of large towns. The kindly hearted philanthropists who are mainly responsible for initiating these charitable schemes, probably imagine that the poor persons who are provided with houses at less than the market price, will enjoy the net advantage of the reduced rent. This is not the case. Where competition for employment is as keen as it is among the poorer classes in large towns, any serious reduction in the necessary weekly expenditure will be quickly followed by a corresponding reduction in the weekly wage. It is not, in fact, the workman but the employer who will pocket the subsidy provided by the ratepayer. There is also an administrative objection of a most serious character. It is easy enough to say that the rent for a three-roomed house shall be six shillings a week, but if the market price is ten shillings—i.e. if plenty of persons are willing to take the rooms at ten shillings—how is the favoured tenant to be selected? Is he to be chosen because he had attended church regularly, or because he had voted straight at elections, or because he had given a suitable gratuity to the officer who had the letting of the rooms? None of these methods of selection is altogether desirable. And when this primary difficulty is surmounted, others remain. The "poor" man who has been installed in the six shilling three-roomed house, may through luck or industry grow richer. Is he to be promptly evicted by the local authority? Or, on the other

[1] See Annual Report of London County Council for 1905, p. 144.

hand, he may continue poor, but his family may increase. Is he to be inducted into a larger house at a still lower rent?

These are illustrations of the very serious difficulties that follow any attempt to depart from ordinary commercial principles in the letting of houses. But for our present purposes we are concerned only with the effect of such a system in promoting the overgrowth of large towns.

As to this there can be no dispute. Whether the benefit of the reduced rent granted by the municipal authority remains in the pocket of the poor man, as the philanthropist hopes, or whether it is appropriated by the employer as the economist believes, in either case a direct encouragement is given to the increase of the urban population.

Thus while every politician and writer in England verbally deplores the depopulation of the country side, both the imperial and municipal governments are persistently increasing the relative advantages of town life. Until this policy is abandoned it is useless either to tinker with the laws of land tenure, or to introduce any wholesale scheme of nationalization of the soil. Towns will continue to grow more and more populous until the nation makes up its mind to transplant town industries into the country, and to increase in every way the attractiveness of country life.

Chapter X.
Mining Royalties.

Popular opinion has attached perhaps rather more importance to the question of mining rents and royalties than the subject deserves. Undoubtedly the mining industry is one of the most important in the kingdom, both directly and for its influence on other industries. Undoubtedly, too, mining rents and royalties are a nuisance to the persons who have to pay them, and the total sums paid under these heads are considerable. But these premises are by no means sufficient to authorize the popular conclusion, that the system of royalties is an oppressive tax on one of the staple industries of the kingdom.

Royalty and dead-rent.—First, it is well to be quite clear what mining royalties are. The rent of a mine, it is obvious at first sight, cannot be regulated in exactly the same way as the rent of a farm. A farm is generally improved by cultivation; a mine is of necessity gradually exhausted as the process of working is continued. If, therefore, the owner of a mine were merely to stipulate for a fixed annual rent, the lessee might by rapid working get all the coal out in a few years, and the owner would receive only the same number of years' rent. To avoid this risk, the universal practice of owners of mines is to charge a royalty on each ton of mineral raised. But, again, if this were the only arrangement, a lessee might, for motives of his own, work the mine so slowly that the owner's annual income would be very small. Hence, the royalty charge is always accompanied by a stipulation that a certain minimum sum, called the "dead-rent," shall be paid each year. This, on the other hand, might be a hardship on the lessee who gets up less coal in any one year than will cover the dead-rent. Consequently, he is generally allowed to make up the deficiency—the "shorts"—in the immediately succeeding years. Briefly, then, the main charge upon a mine is a royalty on each ton of mineral raised, subject to certain financial stipulations to secure the continuous working of the mine.

Way-leaves, above and below ground.—In addition to this main charge made by the owner of the mine, there are certain minor charges made by neighbouring landowners or mine-owners. In order to get the coal from the mouth of the pit to the market it is often ne-

cessary to cross private property, and the owners insist on being paid for the "way leave." Or it may happen that a seam of coal is most conveniently worked by getting at it through an existing mine. Here again a "way-leave" must be paid for. And since it is in this case necessary to make an opening between the two mines, a further charge is also made, under the name of "in-stroke" or "out-stroke," according to the point of view. Sometimes, also, the owner of the first mine makes a separate charge for the use of the shaft of his mine. But all these three charges it will be seen are really part of the same charge, arising out of the divided ownership of the land. Thus, essentially mining rents and royalties consist of (a) the royalty charge made by the owner of the mine, (b) the way-leave charged by the owner of the adjoining land.

The ratio between royalties and produce.—Next, as to the amount of these charges. The Royal Commission on Mining Royalties, after a series of careful inquiries, both of the lessors and of the lessees of mines, arrived at the following figures for the year 1889[1]:—

United Kingdom 1889.	Output. ton	Royalties. £	Way-leaves. £
Coal	176,916,724	4,008,353	201,916
Ironstone and Iron Ore	14,546,105	561,122	14,781
All other metals	…	87,668	…
Total	…	4,656,543	216,697

Thus in 1889 the total of royalties and way leaves on coal, iron, and all other minerals was under £5,000,000 a year. Since that date there has been a large increase in the output of coal. In 1904 the output of coal was 232,000,000 tons, and the output of iron ore was 13,800,000 tons.

Assuming that the royalties are still at, roughly, the same rates as in 1889, the total royalties and way-leaves now levied on coal would be about £5,510,000, and on iron £547,000, or, with other minerals, a total of about £6,150,000. As may readily be imagined, the rate of the royalty varies greatly in different parts of the country and for different mines, according to the quality and accessibility of the min-

[1] See C. 6980, published in 1893.

eral. The following table of royalties on coal in 1889 is summarized from figures given by the Royal Commission:—

Rates of Royalty on Coal in 1889
In pence per ton

Coal Fields	Maximum	Minimum	Average
Forest of Dean	…		3
North Wales	10		4
Northumberland .	10	2 ½	4
Derbyshire			
Notts	6	4	4¾
Leicestershire			
Durham	10	2½	5
North Staffordshire	…	…	5 ½
Lancashire			
Yorkshire			
Cheshire	…	…	6
Shropshire			
Bristol			
Cumberland			
Westmoreland			
South Staffordshire	8	3	6
Warwickshire			
Worcestershire .			
South Wales	9	4	6
Fifeshire	14	3	6
West Scotland .	15	4	7

The above figures, varying from 2½d. to 1s. 3d. per ton, indicate plainly that mining royalties are not, as some people apparently imagine, a compulsory tax, but are a rent paid for superior advantages. Professor Sorley of University College, Cardiff, who has made a special study of the subject, and who was one of the witnesses before the Royal Commission, quotes[1] the remark of a colliery master, that he would sooner pay half-a-crown a ton for some mines than get others for nothing. This can only mean, as regards the higher royalties at any rate, that the lessee of a mine merely pays for the special

[1] In a pamphlet on Mining Royalties.

advantages he is enabled to utilize; he pays in fact a rent and not a tax.

Is there any minimum rent equivalent to a tax?—With the lower royalties the matter becomes slightly different. In order to get at any seam of coal it is necessary to break up and disfigure the surface of the land somewhere in the immediate neighbourhood. The land thus taken might have been used for tillage or pasturage, and this possible alternative use will, as pointed out in a previous chapter, make a minimum rent for the mine beneath. Nor is this the only consideration. Something must be allowed for the actual disfigurement of the surrounding country that results from mining operations. A landowner will not allow his estate to be permanently disfigured unless he receives an appreciable pecuniary advantage. So that it may safely be said that the minimum rent of a mine is always considerably more than the agricultural rent of the land destroyed. In addition, the lessee is generally required at the end of his lease to pay a fine sufficient in amount to restore the surface of the land to its original condition. Some payment must obviously be made to meet these charges, and this payment, whatever it may be, constitutes a minimum royalty on every coal-mine in Great Britain, and is a real tax on British coal, which must be either added to the price the consumer pays, or taken from the wages the colliers earn, or from the profits of the coal masters.

Minimum rent cannot be abolished.—Unfortunately, we cannot ascertain, or even guess at, the amount of this minimum rent. It is hopeless to attempt to estimate the money value at which the landowner assesses the amenity of his estate; and it is equally hopeless to try to calculate what charge per ton of mineral raised would be required to make up the agricultural rent of the small piece of land occupied by the debris at the mouth of the mine. We do not know whether the royalty to meet these necessary charges would be twopence, or a penny, or only a farthing a ton. The means for making the calculation simply do not exist. But this we can say, that whatever this minimum rent may be in amount, it would equally exist if minerals were nationalized. For the minimum rent only arises because of the alternative uses to which the surface of the land can be put, and because of the disfigurement made by mining debris. On both these accounts the owner of the soil would be justly entitled to compensa-

tion, whether the ownership of the minerals under the soil remained with him or passed to the State. Consequently, the true minimum rent or royalty, the rent which alone forms a real tax upon mineral production, cannot be abolished by any process short of a grant of public money to mining lessees. If the State were to take upon itself the compensation of every landowner for the destruction and disfigurement of his fields by mining operations, the only burden that lies upon the mineral industry would be at once removed. Nor would the expense be very serious. It may, however, safely be prophesied that the public would object to paying any subsidy, however small, in order to relieve a particular industry from an economic burden, which in a greater or less degree is common to all industries.

Foreign rents and royalties.—It is, however, frequently asserted that foreign royalties are lower than British royalties, and that the difference acts as a handicap upon British collieries. Even if the first part of the assertion were accurate, the second part by no means follows. It would be as reasonable to argue that a farmer who is paying £2 an acre for good land is handicapped because his neighbour is only paying 10s. an acre for bad land. As a matter of fact, however, it is by no means certain that foreign royalties are lower than British royalties.

Royalties in the United States.—In the United States, where the system of private property in minerals is identical with our own, the Royal Commission reports as follows[1]:—

> "In respect to the rates of royalty, it would seem that they are somewhat higher than those paid by lessees of minerals in England. Dr. Raymond gives the royalty on bituminous coal at from a minimum of 2½d. to a maximum of 1s. 4d. per ton, the average being 7d. The royalties upon anthracite coal range up to 2s. 6d. per ton of coal marketed, and the average may be taken at from 1s. 3d. to 1s. 8d. Upon iron ore the average royalty is about 2s. per ton on magnetic iron ore, and somewhat less upon haematite. On the cause of the difference between royalties Dr. Raymond said: 'With us the royalty always settles itself according to special advantages. The lowest royalty is the royalty that must be paid, or else the

[1] Royal Commission Report, C. 6980, p. 51.

landowner would not care to let the mine be worked. On the top of that you have all these higher royalties coming in to represent special natural advantages.' "

Royalties on the Continent.—The system of dealing with minerals in France, and on the Continent generally, is different from that which prevails in England and the United States. The proprietor of the surface has no legal right to the minerals underneath. Minerals in France are the property of no one, not even of the State itself, until the State confers ownership by granting a concession. In return for the concession the State exacts a nominal royalty, and it is this State royalty which is often compared with the royalties paid in England. The State royalty is, however, only part of what the concessionaire has to pay. In addition he must pay another small royalty to the surface owner, and, further, he must compensate the surface owner, on a generous scale, for any damage done to the surface. The bulk, however, of the real royalty—i.e. of the real economic rent of the mine—is retained by the concessionaire himself, as is proved by the fact that he can either lease or sell his concession for a substantial figure. Leasing is in practice rare on the Continent, though sales to companies are common. Where a lease does take place, "the usual term is thirty or forty years, and the royalty, the sum agreed upon by the parties, is often as high as 7d. or 8d."[1] It is this 7d. or 8d., added to the charges that the concessionaire himself has to meet, that ought to be compared with the royalties in Great Britain. When a concessionaire neither leases nor sells his concession he simply keeps the greater part of the royalty in his own pocket. In the words of the Royal Commission[2]:

"No evidence has been given to show that a *concessionaire* who secures a rich mine sells the produce at a lower price than his neighbour, so as to give any portion of his advantage to the consumer. Nor has any evidence been given to show that any portion of it goes to the miner; the probability is that the concessionaire himself takes it as an extra profit, and the great increase in the value of mining shares in France tends to bear out this conclusion.

[1] C. 69S0, p. 68.
[2] C. 6980, p. 74.

> If this be so, the system has the effect of handing over to the concessionaire the greater portion of that 'economic royalty' (less the tax paid to the State), which in England is taken by the landowner."

The above quotation, and the remarks that precede it, apply specially to France, but in principle they are equally applicable to the system that prevails in Germany and Belgium. There is, in fact, no reason whatever to believe that the royalties in Great Britain in any way handicap the British mineral industries in their competition with corresponding industries in foreign countries. Both on the Continent and in Great Britain the difference between good mines and bad mines is represented by an economic rent or royalty, and whether this is appropriated by a landowner or by a concessionaire makes no difference to the rest of the community. Neither prices nor wages are affected by this economic rent. It follows them; they do not follow it.

The colliery lessee is a free agent.—To the line of argument followed in the preceding paragraphs, it may be objected that it is based on theoretical considerations which may not be true in actual practice. In many cases this objection would be undoubtedly serious, and might even alter the whole aspect of the question. For example, in the case of farm rents our theory ought always to be modified by the reflection that farmers are not universally free to bargain. They are often tied to one spot by inertia or by sentiment, and will sometimes pay an excessive rent rather than leave the farm they have been brought up in. Moreover, the farmer is generally in a weaker economic and social position than the landlord, and is to this extent at a disadvantage in bargaining. But all this is reversed in the case of collieries. All the more important collieries are worked by wealthy capitalists or by powerful companies. The same capitalist or company may have leases with three or four landowners, and if there is any inequality in bargaining, the inequality is in favour of the lessee. Undoubtedly, lessees sometimes make bad bargains. But that is an accident to which all business men are liable; and it can hardly be seriously argued that one of the duties of the State is to come to the rescue of every person who, on occasion, makes a bad bargain. Colliery masters have, however, ingeniously contrived to enlist public sympathy in their favour, by pretending that mining royalties keep

down miners' wages. The device is no new one in our history, and in the history of other countries. Protectionist manufacturers abroad, in petitioning for prohibitive tariffs, always talk of the woes of their workpeople; and English landowners for generations taxed the food of the whole country for the benefit of the "poor farmer."

The popular demand.—In the light of the above considerations we can now examine the popular outcry against mining royalties. The most popular cry undoubtedly—because it is the easiest to repeat—is for the "abolition of mining rents and royalties." It is unnecessary to make any elaborate answer to this demand. The rents of mines vary within very wide limits, according to the quality of the coal and the convenience of the mine. The remark of a colliery owner has already been quoted, that he would sooner pay half-a-crown a ton for some mines than nothing a ton for others. Supposing this man in occupation of the rich mine to which he referred, why should he receive from the general taxpayer a subsidy of half-a-crown on each ton of coal he raises, while the occupier of the zero mine receives nothing? Or, to put the same question more generally, why should South Wales receive an average State subsidy of sixpence a ton, while Durham receives only four-pence?

The demand for regulation.—A more intelligible demand is sometimes made for the "regulation" of mining rents and royalties. It is alleged that the charges made by the owners of the soil and of the minerals beneath are complicated and oppressive. There is first the main royalty, with the "dead-rent" arrangement attached to it; then the various way-leaves charged by different proprietors. These should be regulated, it is said. But how? The capitalists who enter upon the business of mining are surely as competent to take care of themselves as any section of persons in the community. If they preferred any less complicated arrangements than those now common, they would probably make them. When a question of wages is raised, the colliery masters are ready enough to combine to crush their men; it is absurd to suppose that they could not equally well combine against obstinate landowners. For example, much good sympathy is wasted on the poor lessee—probably a coal company with a capital of half-a-million—who after paying a heavy royalty to one landowner, has to pay a way leave to another, in order to get the coal away from the pit. It does not seem to have occurred to these ready

sympathizers that if the way-leave to the second landowner could have been avoided, the first landowner would have been able to demand a higher royalty.

All these questions of detail with regard to the regulation of mining property were dealt with fully by the Royal Commission, and various recommendations were made. Among these may be mentioned the following:—

"That where the surface belongs to one person and the subjacent minerals to another, greater facilities should be provided for working the minerals.

"That greater facilities should be afforded to tenants for life of settled estates, and to corporations and public bodies for dealing with mineral property.

"That measures shall be taken to prevent the obstacles that are likely to arise in Ireland to the development of minerals owing to the multiplication of small owners.

"That where the owners of mineral property are unreason ably debarred by intervening landowners from obtaining access to a public road or railway or canal, they should have some power of appeal to a judicial tribunal."

These points are, doubtless, important in themselves, but they obviously have little bearing on the broad question of the effect of mining rents and royalties on the mineral industries of Great Britain. On this broad question the report of the Royal Commission was unanimous and emphatic, and must be regarded as final. The Commission was an exceptionally strong one. It included typical representatives both of the mine owners and of mining companies. It included impartial economists like Prof. J. E. C. Munro and the late Lord Northbrook, and it included such well-known spokesmen of the miners as Mr. Thomas Burt and Mr. William Abraham. After spending two and a half years in an elaborate and exhaustive examination of the whole subject the Commission reported unanimously on the main question as follows:—

"We are of opinion that the system of royalties has not interfered with the general development of the mineral resources of the United Kingdom or with the export trade in coal with foreign countries.

"We do not consider that the terms and conditions under which these payments are made are, generally speaking, such as to require interference by legislation."

Chapter XI.
Lines of Reform.

The preceding chapters have largely been occupied with the consideration of various proposals for specially taxing land and the minerals under the land. At the present time these are practically the only proposals before the country that tend in the direction of land nationalization. There are, perhaps, still a few people who, following Dr. Alfred Russel Wallace, advocate the nationalization of the land by means of State purchase, in order to establish a vast system of peasant holdings. This project, however, commands no popular support. Small holdings are doubtless desirable, in situations and on soils where they can be made successful, but their establishment can certainly be secured without the abolition of private property in land. Indeed, most of the work that has so far been done in Great Britain towards the establishment of small holdings has been done by private landowners acting either from a sense of public duty or from an enlightened appreciation of their own self-interest. In Ireland small holdings have long been in many districts the prevailing system of tenure, and the system has not been so brilliantly successful as to invite imitation. Doubtless there are many other causes, besides the smallness of the holdings, to account for the unhappy features of Irish agricultural life; but it is impossible to get over the fact that a small tenant is more at the mercy of his landlord than a large farmer. It is because of this fact that Parliament has so frequently intervened to protect the tenant in Ireland, while leaving the tenant in England to protect himself.

Warnings from Ireland.—The Irish Land Act of 1881 put the tenant of agricultural land in Ireland in a better position than probably any other farm tenant in the world. He was given absolute security of tenure, and his obligations to the owner were limited to the payment of a rent fixed by judicial authority. That the judicial rents were in practice moderate is proved by the fact that the tenant could nearly always sell his tenant right for a substantial sum, and often for much more than the price of the freehold. Nor can it be seriously maintained that the Irish tenant was really anxious to become the owner of his farm. He was at any rate so far content with his position as judi-

cial tenant that he refused to pay a single penny piece for the acquisition of the freehold, and the process of converting him from a tenant into a freeholder could only be effected with the aid of a substantial money bribe. The system of bribing Irish tenants to become freeholders began on a small scale under the various Land Purchase Acts, for which the Unionist party was responsible in the eighties. Under these Acts the credit of the United Kingdom was used to enable Irish tenants to obtain the freehold of their farms upon exceptionally favourable terms. The process cannot be called buying, because the tenant paid nothing. Indeed, he paid less than nothing. Instead of the judicial rent he paid a terminable annuity which was actually less than the permanent rent. But while paying less he received more, for he acquired all the landlord's rights over the land in addition to his own rights as tenant.

Danger of using State credit.—No excuse was ever vouchsafed for such a departure from the principles of sound commerce and of elementary justice. Doubtless many of the Irish tenants who received the benefits of this Act were poor men; but the State has no right to be generous to a man merely because he is poor, for much of its money is derived from the taxation of men who may be equally poor, or even poorer. Moreover, if the State makes a free gift to one poor man, other poor men may fairly claim similar free gifts, and to admit all such claims would involve national bankruptcy. It follows that, wherever the credit of the State is used for the benefit of particular individuals, they should be required to pay something for the benefit. The Irish tenants who were allowed in the eighties to use the credit of the State paid nothing for that magnificent privilege, and, as a necessary consequence, other Irish tenants set up a claim that the privilege should be extended to them. That is the real origin of the Land Purchase Act of 1903—an Act which pledges the credit of the United Kingdom to the extent of at least £100,000,000 while making a free gift of £12,000,000 to Irish landowners. The dangers involved in this Act are as yet only dimly visible, but already the constant flotation of loans for the purchase of Irish land is having a serious effect upon national credit, as represented by the price of Consols. As a necessary consequence, everybody who wants to borrow money for industrial, commercial, or agricultural development has to pay a higher rate of interest, because certain persons in Ireland have been

allowed to appropriate the credit of the State to their private advantage without paying for it.

Subsidizing the few at the expense of the many.—If there had been reason to believe that Irish tenants preferred to be freeholders rather than to remain judicial tenants, they should have been called upon to demonstrate their bona fides by paying an annuity larger than their previous rent. The credit of the State might then with safety have been employed not merely to help the particular Irish tenants who wished to become freeholders, but simultaneously to benefit the rest of the community. Not only would less State capital have been required, and less risk involved, but a substantial profit would have been made by the State on each transaction, and that profit would justly have been devoted either to reducing the national debt or to works of public utility in Great Britain and Ireland. Under the false principles applied on a gigantic scale in 1903, the whole advantage of the use of national credit has gone into the pockets of private persons, many of whom were already wealthy, and none of whom were demonstrably more meritorious than the rest of the nation. Nor have we any guarantee that this free gift from the general body of British and Irish taxpayers to a limited number of Irish persons, or persons owning Irish land, will secure any real advance either in Irish agriculture or in the general condition of the Irish peasantry. The evils that prevailed in Ireland under the system of peasant tenancy are well known to all the world; the evils of peasant ownership in Ireland have yet to be experienced.

Small holdings.—The above remarks are not to be interpreted as a general attack upon small holdings or upon peasant ownership, they are only meant as a warning against the assumption, too frequently made, that small holdings, especially if they be freehold, are a panacea for every agricultural trouble. On the contrary, those who have given serious study to the subject know that the success of small holdings depends upon the concurrence of a number of favourable conditions, many of which are somewhat difficult to secure. An admirable analysis of the conditions necessary to success is to be found in a little pamphlet published by the Co-operative Small Holdings

Society,[1] and a study of this pamphlet may be recommended, both as a corrective of exaggerated hopes and as a guide to practical work.

In cases where some special crop can be raised—fruit or flowers or vegetables—and where the soil and lie of the land are favourable, and the railway facilities good, small holders do well, especially if they are willing to co-operate with one another. On the other hand, experience goes to show that for ordinary mixed farming, on average land, the small holder is at a disadvantage as compared with men who can afford to farm two or three hundred, up to a thousand acres. A farmer must have buildings and implements as well as land, and the buildings and implements that are desirable for a farm of fifty acres will almost suffice for a farm of two hundred. There is thus a heavy initial waste of capital in small holdings. Nor can the little farmer ever hope to buy so cheaply as the farmer who commands a larger capital, nor can he so easily afford to wait for his own time before selling his produce.

The personal element.—A point on which stress is wisely laid in the little book above referred to is the personal element—an element that is too apt to be overlooked by reformers, who deal in generalities. Speaking of the importance of a careful selection of tenants, the writer says:—

> "An indiscriminate selection of tenants is one of the surest ways to court failure, however favourable other conditions may be. It is not enough to get the honest, hard-working thrifty man—you want a large percentage of the type of man who understands the cultivation of the district. … In places where small holdings exist to any large extent, and where there is always a chance for the small man to get on to the land, the best tenants are secured by a process of natural selection. This seems much the most desirable way of settling the question, and is one of the arguments for fostering small holdings in places where they already exist. Those who wish to create small holdings in places where they have never existed will find themselves confronted by the difficulty that the fit and the unfit are very likely to get equal chances, especially if some system

[1] *The Small Holdings of England*, by L. Jebb. Co-operative Small Holdings Society, l0 Adelphi Terrace, W.C.

of easy payment or cheap borrowing of capital accompanies the scheme."

This warning may well be pondered over by those persons who imagine that nothing but an Act of Parliament and a State grant is needed to convert the unemployed slum dwellers of East London into successful peasant farmers.

Farm labourer v. peasant farmer.—Even agricultural labourers who have spent all their lives on the land are often quite unfitted to start farming on their own account. They are rarely familiar with the commercial side of farming, the art of buying and selling to the best advantage, and still more rarely have they courage to face the incessant toil and the harassing anxiety that farming on a small scale involves.

Where the special conditions requisite for success are lacking, an agricultural labourer is generally far better off as a weekly wage-earner than he would be as a struggling farmer. It is too often forgotten that the economic events of the past half century have immensely improved the position of the English farm labourer. His food and clothing are both cheaper and better than they were, and though his housing still leaves much to be desired it has been very greatly improved, and is improving. Even more important is the increased security of regular employment that he now enjoys. There are so many occupations to which an agricultural labourer can now turn that farmers have the greatest difficulty in retaining men for the un exciting and underpaid work which is the lot of the ordinary farm hand; consequently any moderately steady man can be sure of regular employment. That security, even though the wages are low, puts him in a better position than many a little farmer, who may have all his savings swept away by a bad season or an unfavourable turn of the market.

British v. Danish agriculture.—Bearing this consideration in mind—and it is a consideration which has been frequently pressed upon the present writer by agricultural labourers themselves—it would be well for land reformers to keep their eyes open to the possibilities of the large or moderate sized farm. It is by means of such farms that the bulk of the agricultural industry of Great Britain is carried on, and on the whole the agriculture of England and Scot-

land appears to yield at least as good results as that of any other country. Not only do our farmers produce crops which compare favourably with the production of other countries, but they are able to enjoy for themselves, and to allow their labourers to enjoy, a far higher standard of comfort than is to be found among the corresponding classes on the Continent of Europe. Even in Denmark, which is in many ways a model agricultural country, the results are achieved at the cost of efforts and economies that most Englishmen would not care to face. On this point the following quotations from a recent essay on the Development of Agriculture in Denmark are worth attention[1]:—

> "The prosperity [of Danish agriculture], however, is relative to the economic condition of the country, and it must not be assumed that it always arises from profits such as would satisfy an English tenant farmer. The difficulty of arriving at agricultural profits is great, but it is probable that the Danish agriculturist generally is satisfied with smaller returns than would be looked for in England. The rate of wages is lower, and thrift is a national characteristic. … Profits can be more easily dispensed with in the absence of a fixed rent; wages are frequently a negligible item; what is lacking in capital can be made up by unceasing toil not only on the part of the farmer, but of his whole family."

These passages are taken from what may otherwise be described as an enthusiastic tribute to the Danish agricultural system. They amount to a confession that, even where peasant proprietary is to be seen at its best, the economic results are not such as would satisfy either farmers or labourers accustomed to English standards. If that is the case, surely it would be well for land reformers in Great Britain to consider whether it is not wiser to work for the improvement of our present system rather than to attempt to replace it by a system which would leave both farmers and labourers poorer and harder worked than they are now.

Compensation for improvements.—In this connection the most important point is the question of compensation for improvements.

[1] "The Development of Agriculture in Denmark," by R. J. Thompson." Journal of the Royal Statistical Society, June 1906.

The old Common Law gives to the owner of the soil whatever is attached to the soil, and under this rule any improvement of any kind effected by a tenant can be appropriated by the landlord. The obvious injustice of this arrangement, and the growing importance of the tenant farmer's vote, have together induced Parliament within recent years to pass several Acts giving to the tenant of agricultural land, under certain conditions, a property in the improvements made by himself. In spite of this recent legislation the law is still in an unsatisfactory state. Tenants complain that they are debarred from making improvements which would be beneficial to the land as well as profitable to them selves; landlords complain that they are compelled to pay for so-called improvements which have added nothing to the letting value of the land. Parliament is still engaged upon the problem, and is likely to be for many years to come. Probably no complete solution will ever be found, for however carefully Acts of Parliament may be drafted—and generally they are drafted with very little care—it will always be possible for the grasping landlord or the dishonest tenant to defeat the intentions of the legislature.

A free hand for the farmer.—The ideal to be aimed at is to give a free hand to the capitalist farmer, so that men of intelligence and enterprise may be willing to put their money into farming and to try new experiments on a large scale. The owner of the soil ought not to be permitted to prevent such developments, either by refusing to sell his land or by withholding from his tenants permission to make improvements. If he prefers not to sell, the conditions on which he is allowed to let should be so framed as to give the maximum of freedom and security to the tenant. Of course, the tenant would have to bear the loss of his own failures, but where he succeeded in effecting a real improvement, of more than temporary value, he should be entitled to claim at the end of his tenancy full compensation for the value he was leaving behind him. Probably the best way of dealing with the complicated questions of fact, that would necessarily arise, will be found in a system of local arbitration. The principle guiding the court would be that the property in an improvement belonged to the improver and not to the freeholder; the question for the court to determine would be whether or not the freehold had been improved. In the case of agricultural land, a jury composed of neighbouring farmers and landowners, familiar with the district, would quickly

decide this question of fact. If the jury found that the land had been so improved by the tenant that it would command a higher rent, or sell for a better price, the landowner would be required to pay for what he gained. If, on the other hand, the farm had been let down by bad cultivation, or spoilt by unwise alterations, the tenant would be liable for the consequences of his own conduct.

In the case of houses, it is not so easy to determine whether a particular alteration is an improvement from a commercial point of view; but that is not a sufficient reason for giving to the landowner the right to confiscate every improvement. It may safely be prophesied that if a tenant had power on the expiration of his tenancy to remove everything which he had added to the freehold, whether it were a whole house or an ornamental chimney-piece, the two parties would soon discover some way of coming to terms. Under these conditions, applied *mutatis mutandis*, both to agricultural and to urban tenancies, the necessity for asking the landlord's consent to this or that improvement would disappear. The only case in which the landowner would have ground for interference would be if the tenant proposed to do something which would interfere with the amenity or commercial value of the rest of the estate; for example, in the country, building a jam factory in a needlessly prominent position.

The agricultural labourer's wages.—Another matter of supreme importance to the development of agriculture in England is the remuneration of the agricultural labourer. It was pointed out above that the position of the English farm hand has immensely improved in the past fifty years, but in spite of this improvement he still remains one of the worst paid persons in the whole community. This fact is due to social rather than to economic causes. An agricultural labourer who knows his work is—as Adam Smith long ago pointed out—a skilled man. He has acquired a mass of valuable knowledge about crops and seasons and soils; he knows a great deal about the treatment of animals in health and in disease; and he easily learns how to manage agricultural machinery; he is, moreover, possessed of much manual dexterity and quickness of eye, as any amateur will soon discover if he tries to compete with a trained labourer in guiding a plough, or trimming a hedge, or building a stack. Yet men possessing this wide knowledge and varied skill are paid not merely less than a mechanic, with his comparatively limited range of acquirements, but less also in

many cases than the unskilled labourer who waits upon the mechanic. Custom alone is responsible for this inequality. The agricultural labourer of to-day is the lineal descendant of the predial slave of an earlier epoch, and the incidents of his origin still drag him down. The rural mind, even in districts within easy reach of London, is not yet accustomed to the idea that the farm hand ought to be an entirely free man. The farmer likes the labourer to be dependent, and he regards the suggestion that he should pay more wages to his labourers and less rent to his landlord as something akin to social blasphemy.

What landowners might do.—It is this attitude of mind that explains why farmers will allow their best men to drift away to the towns and then complain that only the incompetents are left. As a means of mitigating the resulting evil, it may be suggested to those landlords—and they are many—who regard their property not merely as a private possession, but also as a public trust, that they should deliberately set themselves to encourage their tenants to pay higher wages to farm hands. The first step is to improve the wages of the men employed by the estate. If the farmers in the neighbourhood complain that they cannot follow this example unless their rents are reduced, the landowner of the type to whom this appeal is made ought not to hesitate to face the reduction. This may sound a quixotic suggestion, but it must be remembered that there are very few landowners in Great Britain who do not spend a considerable portion of their income upon public or private charity. Many of these charities, however well intentioned they may be, are positively mischievous in effect, and there are certainly few charities of any kind that render so much service to the nation as would be rendered by an improvement in the position of the agricultural labourer. For example, much of the money now poured into London hospitals might be altogether saved if the farm labourer received a sufficient wage to encourage him to remain in the country, and there bring up his family. In effect, the suggestion here made is that landowners should devote less of their income to miscellaneous charities and more to the remuneration of the men on whose labour that income so largely depends. The suggestion is made because the under-payment of agricultural labourers appears to be mainly the result of tradition and social prejudice, and these obstacles to progress are not likely to be removed except by deliberate and conscious effort. If the suggestion were acted upon by

any consider able number of landowners it would probably break down the superstition that an agricultural labourer ought to be worse paid than anybody else, and we should succeed in retaining on the land some of the brain and muscle that are now leaving it.

Rural housing.—One of the practical grievances from which the agricultural labourer suffers is lack of suitable house room. This is really only another aspect of the wages question. If a farm labourer received a sufficient wage he would be able to pay an adequate rent for a house, and the house would then be provided by that useful and unfairly abused person, the speculative builder. The difficulty is that bricklayers and carpenters and plumbers are paid at such a relatively high rate, as compared with the farm labourer, that he cannot afford to employ their services. Where new cottages are built for agricultural labourers it is usually the landowner who builds them at his own expense, and lets them at rents which represent an utterly inadequate return upon the capital expended. The landowner looks upon the matter either as charity or as part of the necessary outlay upon his estate. Both views are unsound. There would be no need for charity if the labourer received a sufficient wage, and, granted that primary condition, the landowner need not concern himself with the provision of cottages, or, if he chose to do so, could make a legitimate profit out of the business. What actually happens is that the landowner first draws from the farmer an excessive rent, arising out of the low wages of the labourers employed, and then refunds part of the rent to the labourers in the form of cottages at charity rents. Thus the rural housing problem lies in the centre of a vicious circle, from which the only way of escape is by increasing the wages of the agricultural labourer.

Gardens instead of allotments.—In this connection it is important to point out that one of the great needs of an agricultural labourer is a good garden attached to his cottage. An allotment is a very poor substitute for a garden. When a man has done a hard day's work on a farm, and has had a fairly long walk to his home, he is not in the mood to start out again on a fresh journey, carrying two or three heavy tools. On the other hand, if he has a garden attached to his cottage he can step out at once, directly he has had his tea, and do whatever job most requires doing. Moreover, every cottage produces some refuse, and the labourer who has a garden, even if he has no

pig, will utilize much of this refuse for manure, but would probably hesitate to carry it to a distant allotment. Finally with a garden when the produce is ready for consumption it is on the spot. The wife can dig up a few potatoes or cut the cabbages at any moment if they are in the garden, but if they are in a more or less distant allotment a regular journey has to be made to fetch them. For these considerations, which are obvious enough to men and women who live in cottages, a labourer will generally prefer to pay 1s. a rod (£8 an acre) for garden ground rather than 6d. a rod for an allotment. So important is this question of gardens, not only in purely rural districts, but also in the suburbs of our large towns, that it is open to question whether the law should not provide that every house built in rural or suburban areas should have attached to it a certain minimum of garden ground.

The Decentralization of industries.—It must not be imagined, however, that any improvement, however great, in the position of the agricultural labourer will alone suffice to bring back to the land any appreciable fraction of our town population. As was pointed out at length in a previous chapter, the part played by agriculture in the activities of mankind is one of relatively decreasing importance. Every improvement made in the processes of producing food diminishes the proportion of labour that mankind is called upon to set aside for food production. Meanwhile, there is an ever expanding demand for articles of comfort and luxury produced by industries other than agricultural. Therefore, unless we can somehow contrive to carry on non-agricultural industries in rural districts, the towns will continue to grow at the expense of the country. In considering how to deal with this grave problem it is important to remember that in former generations our villages were never wholly peopled by men and women engaged in agriculture. Many villagers were constantly employed in such industries as boot-making, tailoring, carriage-building, harness-making, and in general smith's and carpenter's work. The advent of machinery, driven by steam power, has removed the greater part of these industries to the towns, because it is only by concentration of production that the advantages of machinery can be secured. There is, however, no obvious reason why the necessary concentration should not be provided in a village as well as in a town. Facilities for locomotion can equally be employed in either

direction, and what we have to aim at is the creation of a multitude of small centres of industry instead of a few large centres. Something has already been done in this direction, especially in the printing trade, but much more might be done, and must be done, if we are to stay the progressive urbanization, and consequent degeneration, of the people of England.

Landowner's power to misuse his property.—It was argued above that a landowner ought always to have power to prevent a tenant from doing anything that would interfere with the amenity of the neighbourhood. This, however, is a matter in which the nation as well as the landowner may rightly claim to interfere. As the law now stands, the freeholder of half an acre may spoil the landscape for five miles round, and no one can touch him. He may, for example, first build a vulgar house right on the summit of the most glorious hill in Southern England, and then, lest the world should forget what a great man lives within, he may put up a screen fifty feet high to shut himself off from the common herd of human beings. Obviously, it ought to be possible to prevent by public authority such a wanton outrage as this upon the beauty of nature. In towns the municipal authorities already have some control over the plans of proposed buildings, but the control may only be exercised within very narrow limits. For example, except in new streets, the height to which a building may be raised is entirely at the discretion of the individual builder, and such monstrosities as Queen Anne's Mansions are the result. Again, municipal authorities have no general power to compel the setting back of new houses built in a narrow street; so that though a street may urgently require widening, new houses are continually built up to the old line of frontage, to be eventually pulled down at the expense of the community. In regard to open spaces, too, the community is at the mercy of the builder. Land that would have been invaluable to the community as a public park, is often covered with houses that might equally well have been built elsewhere.

The community should have a power of veto.—Generally, then, what is required is to give the community more complete control over the use to which land may be put. Probably the best way to accomplish this would be to empower the local authority, either in town or country, to veto any proposed building. In some cases—for example, the setting back of houses—the exercise of this veto would

have to be accompanied by the payment of compensation to the owner of the soil. But in general, the law should refuse to recognize any claim by an individual to use his land to the detriment of the community.

Preservation of historic monuments.—Another matter in which the nation has a right to interfere with the existing powers of landowners is in preventing the destruction of buildings of historic or aesthetic interest. In this matter the French law is far better than our own. Any interesting building in France may be declared by the Ministry of Fine Arts to be an "historical monument." It is then protected by law from destruction, and the Government undertakes such repairs as may be necessary to preserve it from gradual decay. Unfortunately, there as well as here, the zeal of the restorer occasionally does more harm than a hundred years of wind and weather; but in the vast majority of cases the intervention of the Government is purely good. Perhaps the best method of securing the same end in England would be to give to county and town councils the power to veto the destruction of any building or monument, and, if the case required it, to arrange with the owner for the purchase of the building and site.

Wasted margins.—Among minor defects of individual ownership of land, the creation of what may be called "wasted margins" is worth mentioning. These arise in towns wherever the line of buildings does not run parallel with the street, or from some accident stands back from the street. From either of these causes a piece of land often gets left between the boundary of the public roadway and the wall of the adjacent houses, and is of no use to anybody. A good instance is the long narrow strip of wasted land between the buildings of Lincoln's Inn and the footway on the west side of Chancery Lane. In all such cases as these the local authority should have power to acquire the wasted land compulsorily, paying to the owner a price based strictly upon the actual value of the land to him.

The rights of the general public.—From another point of view, the question just dealt with may be regarded as a particular illustration of a very important aspect of the land problem. Over and above the disputes between landlord and tenant, between State and individual, is the claim of the general public to use freely for purposes of recrea-

tion land that is not set aside for any conflicting purpose. This is a claim as yet quite unrecognised by English law.[1] What is called common land is only common to a limited number of persons who have specified rights over it. The general public has no greater right to the free use of common than of private land, except in the cases where a right has been conferred under the Commons Regulation Acts. Again, in the case of Crown land, or land belonging to a Government department, or to a municipal body, the public may be as rigidly excluded as they would be by a game-preserving squire.

The landowner's power of exclusion.—Consequently, the mere transference to the State of the freehold of all land would not in itself give the general public any greater privileges than it now possesses. If the present law continued, the enjoyable use of the soil would be confined to the tenants of the State, in the same way that it is now con fined to private owners and their tenants. And for this exclusion there is, as regards an immense area of land, no solid reason. Mountain pastures would afford just as good grazing if the holiday-maker were free to ramble over them; river meadows, except when in hay, are unhurt by the foot steps of the angler. By many landowners and their tenants these obvious facts are recognised, and in a large number of cases no attempt is made to exclude persons in search of the simple pleasures of a country walk. But there are churls both among occupiers and owners, and some of the most beautiful scenery in the British Isles is barred to all but a handful of persons.

"*Trespassers will be prosecuted*."—Before considering how this can be remedied, it is well to be explicit as to the exact power of exclusion now possessed by landowners and their representatives. There is a popular belief that trespass upon another man's land is a punishable offence, and this belief is fostered by the threatening notices that may be seen all over the country, warning trespassers that they will be "prosecuted." To the majority of persons the word "prosecution" implies a criminal procedure; but, as a matter of fact, a landowner has only a civil remedy against trespassers upon his property. He can only sue them for the damage done. If no damage has

[1] During the session of 1892 the House of Commons passed a resolution in favour of giving the public free access to Scottish mountains, and a Bill to effect the same object was introduced into that House in the session of 1906.

been done, the landowner has no remedy. In practice, however, actions against trespassers on land are generally brought before the court of petty sessions, and the sympathetic bench of landowning magistrates is not very strict in requiring rigid proof of damage done. The court will often assume that nominal damage, estimated at a farthing, has been done by a pedestrian walking across a field, and will give judgment accordingly, with costs added, and these may amount to an appreciable fine. Beyond this, however, trespass upon land, unless it be the land of railway and canal companies, or unless the trespasser is in pursuit of game, cannot be punished. On the other hand, the owner or occupier of land has the fullest right to expel, by force, if necessary, any person intruding upon the property. This power of expulsion is the landowner's real protection. Let us briefly consider to what extent it is desirable that it should be maintained.

Reasonable limitations to the landlord's right.—In the case of a dwelling-house or place of business or private garden, there can be no dispute. A man may reasonably claim, if he choose, the same exclusive right to his own house and garden as to his own tooth-brush. But when we pass from garden to park, and from park to pasture or moorland, the case is different. Here well-behaved persons inflict no annoyance on the landowner by walking casually across his land, or even by sitting down upon it. Ill-behaved persons may, admittedly, do considerable damage; but there is no reason why the well-behaved should be excluded because of the possible misconduct of the ill-behaved. What is really wanted is a more efficient means of dealing with wanton damage to property, public or private. To trample down ripe hay, or corn, or growing crops, to injure trees, to tear up fences, and even to litter glass bottles or other refuse in park or meadow, are offences that ought to be severely punished, and the expenses of prosecution ought to be borne by the public. Were this protection given to the owners and occupiers of land, there would be no reason why the general public should not have free access to all uncultivated land. The boon to the nation would be enormous, the loss to landowners in many cases nil.

Rights of way; their use and abuse.—And here it is worthwhile to mention, that the main reason why both farmers and landlords are eager to close public footpaths is because of the damage done by mischievous or careless persons. Town larrikins out for a country

walk will often in pure fiendishness throw gates off their hinges, play at leap-frog through the ripe corn, or scatter the hay-cocks that stand waiting for the cart. Naturally, the farmer objects; and as the law gives him only a civil remedy, which costs more to obtain than it is worth, he takes matters into his own hands, and tries to close the public footway through his fields. In order that the public interest may be safe guarded, power has recently been given to county councils to protect rights of way. But county councillors are for the most part either landowners or large occupiers, and their sympathies lean to the side of the defenceless farmer, so that the new powers are little used. Probably this would not be the case if county councils were also empowered to act as prosecutors in the case of malicious injury to any property within the county. One or two heavy sentences would stop the nuisance, and would deprive landowners of the only shadow of excuse which they now have for stealing a public right. At the same time, the attempted theft of a right of way by the exposure of lying notice boards or other means should be made a penal offence, and the local authorities should have power to prosecute.

Repairs to public footpaths.—As a minor but not unimportant reform, it may be suggested that local authorities should undertake the repair of public footpaths. At present it frequently happens that a useful short cut, to which the public has as much right as to the main road, becomes quite impassable in the winter. A few loads of gravel would prevent this public loss, but the local authority leaves the matter to the landlord and the landlord does nothing. What is further wanted is some easy means of diverting an ancient footpath. Often a public path takes a line that causes the maximum inconvenience to the landowner and the minimum advantage to the public. But where land is settled, the tenant for life cannot dedicate a path to the public, and the legal process required for diversion is cumbersome. A simple alteration in the law would remedy this defect. The local authority would then arrange with the landowner the line that the public path should take, and would see that it was always maintained in a fit condition for traffic.

Roadside strips.—Another matter which is in need of prompt attention is the preservation of roadside strips. In earlier days, when the methods of Macadam were unknown, carts were frequently compelled in the winter months to draw aside from the centre of the road

in order to avoid the soft mud made by previous traffic. The road was thus widened out far beyond the limits necessary for actual traffic at the present day. This is the explanation of the roadside strips, which are still such a pleasant feature of English country roads. Unfortunately, a large number of landowners have made a practice of annexing these strips, wherever the indifference or the timidity of their neighbours has made such robbery possible. To facilitate the process of annexation a convenient theory has been invented, that the landowner may take so much of the grass-covered strip as will leave fifteen feet clear from the centre of the metalled portion of the road. There is no authority whatever for this theory. In the eye of the law there is no distinction between the portion of the highway that is covered with stones and the portion that is covered with grass. The whole of the highway is a highway, and all the king's subjects have a right to travel over it. Yet the process of annexation is steadily going on, and the rural highway authorities, cowed by the local landowners, are afraid to protest. The matter is all the more serious in view of the advent of the motor car. Where roadside strips exist the foot-passengers can still use the public highway in comparative safety, and can even, to some extent, escape from the cloud of dust that the motor raises. In spite, however, of the obvious value of roadside strips to the public, there is little chance of their preservation unless the law is strengthened. The kleptomaniac landowner begins by artfully trimming up the brushwood by the side of the road, so as to create a rudimentary fence. He waits a year or two, till the public has been accustomed to the sight of this barrier, and then converts it into a solid fence, and so adds a broad strip of public thoroughfare to his private estate. It is a grave defect of our law that such action is not treated as a criminal offence, and punished like other forms of theft.

Rural authorities.—There is, however, very little hope of securing an adequate protection of the public against the landowner as long as the local authorities in rural districts are composed as at present. A purely rural authority is hardly ever willing to join issue with any of the local landowners, for to do so might mean the loss of custom, notice to quit, or dismissal from employment. No device of the ballot can get over these difficulties, and it is useless to preach to men whose livelihood is at stake that they ought to show more independ-

ence of spirit. What is needed is such a combination of urban and rural electors as will make the local authority independent of any particular landowner. This object cannot be secured in all parts of the country, but wherever the towns are sufficiently numerous it is highly desirable that rural district councils should be abolished altogether, and that the districts which they now administer should be merged for administrative purposes in the nearest market town. Where this can be done, the country will be divided into a collection of town ships, conterminous with one another. The difficulty of rating, which at once will occur to the mind of every farmer and landowner, is not insuperable. It is a comparatively easy matter to separate the charges which concern the purely urban area alone—such as the charges for lighting and cleaning streets—from the charges which concern the whole township, and it is only the latter which the rural ratepayer would be called upon to meet. Similar adjustments of rates are already frequently made—for example, between the City of London and the administrative County of London. The advantage of thus merging urban and rural districts would be very great in all such questions as the maintenance of public footpaths and other rights of way, the protection of roadside strips, and the preservation of commons. It is also probable that an appreciable economy would result from the reduction in the number of separate authorities, each with its separate offices and separate staff of officials.

The Game Laws.—A question of very great importance in connection with the fuller use of the land is raised by the Game Laws. Game-preserving, as at present carried on, is too great a luxury in a crowded country like Great Britain. In order that a few individuals may have the pleasure during a few weeks in the year of slaughtering large numbers of pheasants or grouse, an immense area is, for the rest of the twelve months, cut out of our small island, and rendered unavailable for any use. There are of course large areas of moorland and mountain in England and Scotland that are quite unsuitable for any form of cultivation, but they afford magnificent natural playgrounds, and it is a hideous waste of our national resources to allow these health-giving areas to be kept out of use except in the shooting season, and then only to be used by a handful of persons. The practice of game-preserving is a comparatively modern institution, depending for its sanction on statutes passed by landlord parliaments to

prevent poaching. With the repeal of these statutes game-preserving would disappear, and people whose only conception of sport is killing something would find it necessary to take more trouble than is involved in standing behind a turf wall while keepers drive a flock of half-tame birds across the line of fire. On the other hand, it is necessary to recognize that the game-preserving landowner, and the successful city man who rents preserves, do play an important part in the present economy of rural life. They clear the Scottish glens of crofters, but they do employ gillies to protect the deer. To suddenly destroy this social economy would be a serious matter: nor is there any reason why landowners should not be allowed to preserve game on land unsuitable for cultivation, provided that they do not shut off the land from reason able use by the rest of the nation. In practice the large majority of people who care to visit woodlands and moor lands for simple recreation are well-behaved persons, who can be relied upon not to introduce dogs or to disturb game, and therefore a considerable amount of game preserving is consistent with the free access of the public to uncultivated land. This fact is recognized by the best type of English landlord, who makes no attempt to exclude well-behaved persons from his woods or moors. The law, however, gives to all landowners a general power of exclusion which can be, and often is, grossly abused. An American millionaire who died a few years back distinguished himself during his life by buying up land in Scotland till he had secured an estate stretching very nearly from sea to sea. For ten years he excluded from that great stretch of British soil every human being except the keepers whom he employed. There is nothing in the present law to prevent other moneyed cranks from doing likewise.

Registration of title.—To pass to another category of questions, it is necessary to say a few words about the transfer of land. One of the greatest obstacles to the free transference of land, either between private persons or between individuals and the State, is the difficulty of ascertaining fully to whom the land belongs. That this evil should be remedied has long been demanded by various schools of reformers. In Australia land can be transferred by a simple alteration in a ledger record, and there is no essential reason why the same simplicity should not ultimately be attained in England. The first step is the only serious one. In order to open the record, something of the

nature of a new Domesday Survey would be required. It would be necessary to register every separate holding, carefully describing it by reference to the ordnance map. The names of the occupier and of the owner would of course be registered, and also any mortgages or other charges upon the holding. This would not be quite so simple as it sounds, for it would be necessary to allow time for rival claimants to assert themselves, and for the disclosure of concealed mortgages. But when once the record was complete, these difficulties would cease. Every new transfer, every new mortgage or rent-charge, every new lease or agreement to let, would be registered automatically; for the law would refuse to recognize any transaction with regard to the land that was not so recorded. To the Government this complete compact record would be of immediate advantage for fiscal purposes, for it would give the revenue officials a very valuable check over income-tax returns. To the community generally the simplicity of transfer that would result from compulsory registration would be a distinct and considerable gain. But the persons who would realize in the most tangible manner the advantages of the system would be the existing body of landholders, who would find their net incomes considerably increased by the reduction of their lawyer's bills.

Lawyers and land registration.—There can be little doubt that it is this prospect which helps to explain the bitter hostility of solicitors to the Land Transfer Act of 1897. As long as the system of registration of title established by the Act of 1875 remained voluntary the solicitors were indifferent. They had merely to tell their clients that registration was a costly superfluity, knowing full well that not one client in a thousand would venture to question the statement. Under such conditions the Act of 1875 would have remained a dead letter if the principle of compulsion had not been introduced by the amending Act of 1897. This Act provides that in the county of London, or in any other county that chooses to adopt the Act, the purchaser of a plot of land must place the transaction on the register. Rent charges or mortgages must also be registered. The idea underlying the Act is to create a complete record such as is advocated in the preceding paragraph. Unfortunately, the opposition of the legal profession was so powerful that the framers of the scheme had to be content with half measures, and as a consequence the operations of the Land Registry at present bring very little direct advantage to the landowner or

to the public. This fact furnishes a plausible excuse for the hostility of the solicitors, but the obvious reply is that the very nature of land registration is such that the advantages do not begin to be felt until the system has been in operation for a considerable period. It is certain, however, that if Parliament were permitted by the lawyers to amend the Act of 1897, so as to make the registry more efficient, the public would very quickly discover the advantages of registration.

Even now the advantages are very great,[1] especially in the case of leasehold property, but all transactions in connection with land have so long been a monopoly of the legal profession that few landowners care to take any steps in dealing with their property without consulting the family lawyer, who has a powerful pecuniary motive for boycotting the Land Registry. It is greatly to be desired that a few prominent landowners should take the matter into their own hands and apply to have all their estates placed upon the register, with an absolute title. The transaction would necessarily cost an appreciable sum, for Parliament has properly provided that the Land Registry shall be self-supporting, but the outlay would probably yield cent. per cent. interest in the saving of future lawyers' bills, and in the increased facilities afforded for dealing with the land.

Summary and conclusion.—By way of conclusion it is convenient to summarize the results arrived at in the preceding chapters. In the first place, it has been argued that the scheme of land nationalization, so called, advocated by Mr. Henry George, would effect none of the objects for which State control of land is desirable; and that the confiscation of rent, which is in reality the beginning and end of his scheme, cannot be defended on any ground of equity. Almost equally indefensible are the proposals to place special taxation upon ground-rents or mining royalties. There is no reason why incomes derived from these sources should be more highly taxed than other permanent incomes. They can be best dealt with by graduated death duties falling equally on all classes of property, and by a graduated income-tax charged at a higher rate on incomes that are independent of the recipient's own exertions. So much for the income derived from the ownership of land. As regards the question of administration, there is

[1] See Report of the Registrar of Land Registry. Cd. 111.

doubtless a possibility that State ownership would give better results than individual ownership. But in order to put this possibility to the test, it is not necessary to embark upon any wholesale scheme of State purchase. The execution of such a scheme might result in a serious financial loss that would only be partially, if at all, counterbalanced by the administrative gain. It is, therefore, far better to watch carefully such experiments as are already being made in State and municipal ownership, and meanwhile to improve to the uttermost the existing system of individual ownership. Various suggested improvements have been mentioned in the course of the present chapter. From among them may be selected for repetition that which is undoubtedly the most important—the suggestion that without altering the present tenure of land the public should be endowed with an extended right to the use of land for the purposes of re creation. So long as neither the processes of agriculture nor the privacy of the immediate occupier are interfered with, and so long as no injury is done to the property by malice or by recklessness, every Englishman should be free to roam at will over English land. With this condition attached to present tenures, the soil of our country would be more truly "nationalized" than under any scheme of State control that has yet been formulated.

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