

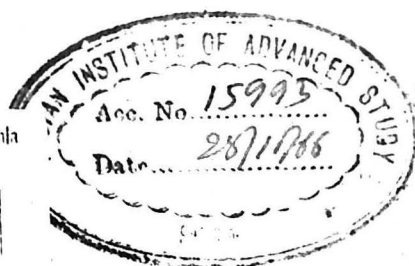
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LAND REFORM AND THE CHANCELLOR

LORD LANSDOWNE has done a great service in placing before the country, with his customary clarity and precision, the Unionist policy of Land Reform. It is not a novel policy, nor hastily devised as an offset to Mr. Lloyd George's threatened land campaign, as it pleases that imaginative politician to declare. It has been pressed for years by that single-minded son of the soil, Mr. Jesse Collings, and by the Rural League. It was brought prominently before the electors in 1910 by a Committee of which I was Chairman, and in the records of this Committee there is evidence offered by candidates, practically unanimous, of the powerful part it played in the rural constituencies in the General Election of 1910. The principle behind it has, within the past few years, been embodied in Bills introduced by private members in the Lords and in the Commons. It dates even further back; for it is the policy which the Unionist Party has applied to Ireland for more than a quarter of a century, changing the face of that country, reviving its spirit of self-reliance, self-support, and enterprise.

There are no complexities or limitations in the Unionist policy; it neither prescribes nor proscribes any form of land tenure. Realising, in common with all parties, that the only method of grappling with the admitted evils of the agricultural position is the repopulation of the rural areas and the extensive resuscitation of tillage and increase of intensive culture, it refuses to close up any pathway to the land, least of all that which has in all countries proved the solution of the land problem—namely, ownership. But while we hold that in an increase of peasant proprietary lies the ultimate and most efficient remedy, we would place no obstacles in the way of tenancy, while there are parts of the country where large tenancy is both desirable and successful. The nature of the tenure should be left to the free choice of the individual; that free choice being secured to the individual applicant for ownership of a small holding by the advance of the whole of the purchase money, or such part as will leave intact his necessary capital for development purposes.

The Radical policy is neither so respectable in its pedigree

nor so scientifically generous in its scope. It is of modern extraction, the product of opportunist theory, a complete reversal of the sturdy individualism of the old Liberal creed. The traditional foe of tenancy has become the slavish and tyrannous advocate of it, so far as the humble members of our democracy are concerned. Liberalism now pins its faith to landlordism, and particularly to present County Council landlordism and future State landlordism. In practice it rejects individual ownership, and looks for rural regeneration to the creation of a race of tenants who may work the soil but may never hope to own it, and who shall exist in a condition of dependence which generations of Liberals have vigorously denounced. There are not wanting Liberals who still cling to the old faith; there have been nibblings at the policy of small ownership in the Liberal press, on Liberal platforms, and on Government benches in Parliament; and it is something more than matter of suspicion that the virulence with which the system of small ownership is being assailed by the leaders is dictated by the necessity of dragooning these broad-minded dissentients into silence.

There is a remarkable inconsistency between the reliance which Mr. Lloyd George places on landlordism as the ideal system of land tenure and his theory of the functions of a landlord—an inconsistency which, if translated into fact, dooms the Radical scheme of Land Reform to hopeless failure. The Chancellor regards a landlord as a kind of philanthropic institution, except for purposes of taxation, when his philanthropic functions gain him no remissions. He tells us, for instance, that great landowners own estates not altogether for what they get out of them, but for the social prestige they gain from them. But if the policy of State landlordism, which he distinctly foreshadows, comes into being, this factor will disappear, and with it those excessively low rents and indulgent and solicitous relations which have hitherto been a great support of tenancy in this country. When land is valued by a sternly economic standard, the difficulty of the cultivator in making a profit from his soil will be increased.

Again, Mr. Lloyd George maintains that it is an obligation on a landlord to build and repair dwellings on his estate. If that is admitted, it is certainly not an obligation on the landlord to let these dwellings on a philanthropic instead of an economic basis, as he does now in most cases. The cottages which the average landlord has built and owns yield him a practically negligible return. In some places it has come to this, that the occupants of cottages regard their occupancy as a matter of right, and fail to discern any commercial aspect of their position. I know a case in Hertfordshire where a labourer held a cottage

on an estate rent free. His wages were raised more than once. When he again came seeking an advance his master said 'But you have your cottage.' The reply was 'Of course I have, but what of it!' No argument could make him understand that his occupancy of his cottage rent free was a factor in his wages, until he saw the adjoining dwelling, exactly similar to his, being let to an outsider for 4s. a week. Then he grasped the fact that his wages were not 21s. but 25s. a week. Such relations as these, however they are viewed, will cease when the State takes the place of the individual, or when the land-taxers and Mr. Lloyd George begin to work their will.

It is idle for the Chancellor to talk about reducing the burdens on those who work the land in the face of what he has already done and what his allies are proposing to do. The burdens of the landowners cannot be increased and the withers of the land-worker be left unwrung. If the result of increased burdens be, as is hinted by the Chancellor of the Exchequer, to procure the reversion of the land to the State, what is going to happen? Either the State will have to be content with an uneconomic return from the land, or its tenants will have to pay rents which will reduce the profits of their labour. We know already that the State will have its pound of flesh. We learned it from the famous case of the Thorney Estates, when Lord Lincolnshire insisted that the Duke of Bedford should double the rents so that the State, in buying the property, should have a return of 4 per cent., instead of the modest 2 per cent. which the then rents represented. Indeed, the State cannot do otherwise. The Radical nostrum of State tenancy as a cure for agricultural ills, therefore, resolves itself into this: that the cultivators of the soil will have to pay more for the land than they do at present. Agriculture is, in fact, to be regenerated by further taxing its raw material, the land, and, by increasing the cost of production, raising the cost of food! What hope for rural re-population is to be found here?

Mr. Lloyd George sees in the Unionist policy of land purchase nothing but a measure for the endowment of landlords. He depicts them as a race of gaping harpies clamouring to have their mouths filled. The argument comes with curious indelicacy from the Chancellor of the Exchequer under the peculiar circumstances of the moment, to say nothing of the (to him) trifling fact that it is vitiated by his admission at Sydenham that landlords are holding their land not so much for the sake of the money it brings in, as for the social position it confers. As neither indelicacy nor inconsistency is likely, however, to deter Mr. Lloyd George from repetition of the charge, it may be well to analyse its truth. What is happening at the present

time is this. Large estates are being constantly offered for sale. They are not being bought, as was the case in last century, for the social prestige they bring, but as an investment for money, or as a speculative purchase, much like Marconis in fact. For whatever purpose they are bought, the sitting tenants invariably suffer great anxiety and inconvenience and, frequently, considerable loss. If they have to leave their farms their business is dislocated; if they remain, it is on terms which are more onerous and less profitable. To meet this the landlord, who is now described as an open-mouthed Shylock, offers, when he can, the right of pre-emption to the tenants on as easy terms as possible. It may happen that the landlord, or the tenant, cannot afford to deal on such terms, and then the land falls into other hands, very frequently into the hands of the mere speculator. The effect of the Unionist land policy will be to eliminate the speculative middleman. It is here—according to Mr. Lloyd George—that the landlord's endowment comes in. The tenant, threatened with dispossession and financed by the State up to 100 per cent. of the purchase money, will offer fancy prices; the landlords, aware of the tenant's position, will make exorbitant demands; they will, says our first national financier, make collusive agreements to plunder the Treasury. But Mr. Lloyd George forgets that, though the purchaser would get the whole of the purchase money, he would have to pay it back out of the farm. Is a purchaser who wants to make a living out of a farm likely to be so foolish as to contract to pay a price which the land cannot pay? Even if he were, he would not get the chance. The decision will rest with the party who lends the money, whether it be the State, or a land bank, or an individual.

Mr. Lloyd George recognises this safeguard, but derides it. He employs the extraordinary argument that the advance of the whole of the purchase money is likely to raise prices. What knowledge of financial enterprise this shows! Raise prices! On the contrary, it is almost certain to lower them. When a lender advances 70 per cent. of the purchase price, the strict accuracy of the valuation of the land is not of vital importance, for, even if it be overvalued by 10 or 15 per cent., he has still a margin. The lender of the whole price cannot afford any laxity; he has, indeed, to create a certain margin by insisting that the valuation of the property be made on the most sober and conservative basis. Let it be remembered also that it is either the valuer appointed by the lender of the money or an outside agreed valuer who has to decide the fairness of the purchase price. Mr. Lloyd George, however, sees no virtue in valuation except in relation to death duties and increment values,

where the opportunity exists for different valuations of the same property to the advantage of the Treasury. He does not scruple to declare that the County Councils, being landlord bodies, would also be in collusion to fill the open mouths of their friends. He says this in the face of the reports of his own Board of Agriculture, which point out with complacency how the demands of land-owners have been cut down by the valuers of these bodies. Even if these suspect Councils be eliminated from the transaction, Mr. Lloyd George places no faith in the officials of Whitehall—as though it were inevitable that they should be chosen to carry out the valuation of the land. The Chancellor assumes ignorance on our part when he speaks as though the principle of valuation was some new thing, instead of being the system by which enormous transactions, infinitely more complex than the transfer of land, are being daily carried out.

Seeking another argument against small ownership, Mr. Lloyd George finds it, curiously enough, in Ireland. But Ireland is always cited as a singular example of the success of peasant proprietary, and even Mr. Birrell considers the development of land purchase in that country more important than Home Rule. Mr. Lloyd George's Irish argument is, therefore, not only hardy, but it is in the last degree instructive, as revealing the real sentiments of his party. His objection to the Wyndham Act is not that it has injured the peasants, but that it has benefited the landlords. His large spirit suspects any agreement which benefits both parties to a transaction. He only desires to favour one. He wants the other injured. This is what his beloved Wales has taught him. More impartial observers have ignored the effect on the former owners of the soil, and have laid stress on the advantages it has conferred on their successors, their former tenants; but that may pass with the comment that it is hard to see how, if the Wyndham Act resulted in endowing the landlords with exorbitant sums, the new purchasers have managed to achieve the success which, it is admitted on all hands, they have achieved. It looks as though there was merit and profit in being just, after all. Mr. Lloyd George argues against the wickedness of advancing money to purchasers at a low rate of interest—a strange attitude for such an ardent champion of the poor—because, he says, the result in Ireland has been to raise the number of years' purchase from seventeen and a-half to twenty-two and a-half. The purchaser, he contends, calculates that he can afford to pay so much a year in interest and sinking fund for the land he buys; therefore, the lower the rate of interest he has to pay, the more money he puts into the landlord's pocket. If that were so, it is hard to see who would properly be aggrieved; but that is not what has happened in Ireland. The number of

years' purchase has gone up, not because the purchaser pays a lower interest, but because the basis of valuation has been reduced. Under the zone system the purchase price is fixed at a lower figure than the judicial rent, which itself is admittedly below the intrinsic value of the land. Under the Ashbourne Acts there was no such limitation. The natural result of lowering the basis of value has been to increase the number of years' purchase. Thus, if a farm with a judicial rent of 50*l.* a year be sold for 1000*l.*, the number of years' purchase will be twenty. If, under the zone system, a reduction of 20 per cent. be made from the judicial rent, the number of years' purchase will be raised to twenty-five, without additional cost to the purchaser or endowment of the vendor. The matter is so simple as not to require elaboration, save for the fact that Mr. Lloyd George either cannot or will not see it.

The Irish excursion of the Chancellor has been singularly unfortunate. With his grotesque misstatements as to the cost of Irish land purchase to the British taxpayer it is not necessary to deal. I will leave him to the tender mercies of Mr. William O'Brien. But when he argues from these baseless premises that land purchase in England will put hundreds of millions into the landlords' pockets, it is necessary to point out that he avoids a fair or conceivable presentation of Unionist land policy. In the first place, it is not proposed to give British landowners a bonus; in the second place, no one suggests that land purchase should be financed on philanthropic lines. Obviously, if money were to be advanced at less than it was obtained for, the loss would fall on the public. Certainly no one proposes to permit that. British land purchase is to be conducted on strictly commercial lines. While money is not to be advanced for the sake of profit for the State, it shall not be advanced at a loss.

But the *reductio ad absurdum* of the Chancellor's argument lies in this: that land purchase is already in progress, carried out with public money by the method of valuation. The latest Report on Small Holdings issued by the Board of Agriculture expressly applauds the increasing tendency of County Councils to purchase land instead of leasing it. Further, they buy land on more generous terms than it can be got for in Ireland. Since the Small Holdings Act came into operation, we are told, the average rent of land leased by the Councils has been 1*l.* 5*s.* 2*d.* per acre, and the average price of land purchased has been 32*l.* 7*s.* 8*d.* per acre. Assuming an equal quality in the lands leased and bought, this works out at something over twenty-five years' purchase!—which is pretty much the rate at which land changes hands everywhere in this country. This is calculated, not on a reduction from a low judicial rent, but on the free

selling value of the land. Are we to understand that Mr. Lloyd George condemns a department of his own Government, and an Act which his party never ceases to extol, as implements for the endowment of the landlords of the country? If not, what becomes of the logic of Sydenham and the National Liberal Club? The landlord is no less highly endowed when the land is bought by a County Council than when it is bought by an individual. Indeed, he is less likely to get a big price in the latter case, for a Council can always save itself from loss by raising the rent to its tenants, whereas the individual who buys for himself cannot escape from the consequences of a bad bargain.

The last argument brought against small ownership by Mr. Lloyd George, that of all countries Great Britain is least adapted to peasant proprietary, ought really to have come first; for, if it be true, all his flatulent rhetoric about the 'open mouth' and his weird financial theories become entirely superfluous. He bases his argument on two statements: (1) That this is an industrial country, with great industrial centres in close juxtaposition; (2) that at any moment peaceful rural areas may be transformed into mining districts, and that a multiplicity of freeholds would be highly embarrassing in such cases. Were ever such economic or geological theories propounded before by a responsible statesman as an argument against a form of land tenure which predominates in every civilised country except our own? To the ordinary mind the neighbourhood of large centres of population and easy access to markets would appear to be a peculiar advantage to the small cultivator; indeed, some critics have urged against small holdings that in many cases they would be too far removed from the markets. Not so Mr. Lloyd George. He finds the proper sites for peasant proprietary in the vast unpeopled solitudes of the world. So much for his economics; now for his geology. Does he seriously ask us to believe that the whole of Great Britain is a potential mining camp? How soon does he expect to see the country transformed into a warren, perforated with shafts like a Gruyère cheese? Is no labourer in Dorset to be helped to buy a plot of land because in some remote epoch tin may be discovered under the South Downs, or coal may be excavated at Yarmouth? If his theories are sound, he should hasten to repeal the purchase clauses of the Small Holdings Act, because the principle of purchase is vicious whether you advance 80 per cent. of the purchase money or the whole. If Mr. Lloyd George believes what he says, and really expects the alarming complications he describes, let him courageously inform the country that henceforth no man shall be assisted; let him proclaim that no man shall be allowed to own a farm of less than 500 acres or so. If he really regards the proximity of

markets as antagonistic to small cultivators, let him be consistent and refuse to countenance their existence, whether as owners or tenants.

The policy of small ownership has been criticised not only by Liberals, but by so excellent an Unionist as the Marquess of Graham. I do not agree with his objections, which have been raised and answered before, but if they do not possess the imaginative novelty of Mr. Lloyd George, they are at least more practical. Lord Graham fears small ownership because of the facilities it gives for borrowing money, and he uses the well-worn example of the Danish freeholder burdened with mortgages. He is correct in both his premises. The freeholder can borrow money, and the Danish farmers have a heavy mortgage debt of a kind on their lands; but it is impossible to admit his conclusions. Why should not the cultivator of the land borrow money to work it? The manufacturer works on borrowed capital; credit is the foundation of industry and trade. Why should agriculture be the only business in which debt is fatal? M. de Méline, in his admirable work *Le Retour à la Terre*, takes an entirely different view. In his opinion one of the obstacles to the success of agriculture is the disinclination of the small owner to borrow; one of the most hopeful signs for the future is the fact that this prejudice is being broken down. The whole business really turns on this: the purpose for which money is borrowed and the means by which it is borrowed. If it be borrowed for business purposes and on business terms, credit becomes an ally. It may be taken that all farmers require credit at one time or another. In such cases the owner is better off than the tenant, he has something more than personal security to offer. He can get long credit on a mortgage, instead of short credit on a bill, and agriculture requires long credit, the processes of development being slow. Ah, cry the few critics, but there is the mortgage, a sword of Damocles that may fall on the hapless debtor at any moment! Such language might possibly apply to a mortgage of the present English pattern; but the continental freeholder does not take such risks. He borrows on a system of annual instalments secured by a mortgage which cannot be called in so long as the instalments are paid. There is nothing of the Damoclean peril in such a contract; the annual payments which the farmer pays are fixed; they are, in fact, of the nature of a rent, except that he pays it for the development of his own property and not to the advantage of his overlord.

Lord Graham's criticism that ownership has risks—even great risks—for the small man, is a serious one, and it should be carefully heeded and studied. It may be at once conceded that to place small freeholders on the land haphazard and isolated, and

then to leave them, unaided, to sink or swim, would be to court disaster for all concerned. Ownership, above all other forms of tenure, will develop the qualities necessary for success in the individual, but it is in itself no guarantee of success. It must be established on right lines and equipped with necessary accessories. The last Small Holdings Report is emphatic in its support of the system of settlement, or colonisation, as against the creation of isolated holdings; in which it is supported by the experience of other countries—Germany, Ireland, and the like, where land settlement is in process. Indeed, it is clear that only by such a system can we hope to develop that co-operative principle, that idea of mutual help, which is self-help in another form. It is this which we propose to substitute for the landlord and that timely aid and those indulgences by which English landlords have enabled the system of tenancy to achieve its successes. At a moment when the old landlordism, and with it the fine relations which have existed between owner and cultivator, seem doomed to disappear, some substitute must be found, and none can be found more sure or stable than the bestowal on the cultivators themselves of the power of self-help. The Agricultural Organization Society has worked untiringly to this end with encouraging results; but co-operation can never reach its full development without that increased sense of permanence and responsibility which ownership gives to the individual, and the greater desire for combination which is generated by settlements. This is not mere theory; it is to be seen, in fact, on the Continent, in Ireland, in England itself, in communities such as that established by Major Poore in Wiltshire.

The Unionist land policy has a two-fold purpose—the retention of the people on the land, the recall of people to the land. While we desire to provide full facilities for the sitting tenants to retain possession of their farms when estates are broken up, to enable County Council tenants to buy their holdings for themselves instead of for the Councils, and to help labourers to acquire freeholds independent of the whim of any man, we are even more concerned to bring men back to the land, and to do something to restore the true balance between town and country. There are those who deride the idea of putting a townsman on the land; but there are in our cities hosts of men who have not always been townsmen, and of whom very many are not townsmen from choice. From the last Small Holdings Report, already quoted, it appears that only about 33 per cent. of the County Council tenants are agricultural labourers, and that notable successes have been achieved by men who had erstwhile worked in towns and who brought their business training and connexion to the aid

of agriculture. We are more concerned with getting men on the land who will work it successfully, than with the precise form of tenure under which they shall hold it. We advocate, we press ownership, we have faith in it as the most attractive and natural and national form of tenure, and, in the end, the most efficient; but if men desire tenancy we would place no obstacles in their way; unlike the Liberals in their Small Holdings Act of 1908, which deliberately places obstacles in the way of small ownership. It is a notable fact that only 15 per cent. of the cultivable land of Great Britain is held in small parcels. If the rural population is not to disappear that percentage must be increased, for the life of agricultural labour, unrelieved by any prospect of material or social advancement, offers no inducements to counteract the glamour of the distant new worlds and the near-by great cities. The need is, indeed, so pressing that it would be in the last degree foolish to impose artificial and pedantic limitations on the free choice of those who may wish to seek a living on the land.

No one pretends that the Unionist land policy is not assailable by criticism, though it can completely defy such arguments as those of the Chancellor of the Exchequer. It has, however, to be measured not merely by its possible imperfections, but by the intensity of the evils of our situation, by the abnormal conditions of the problem, by the gravity of the threatened dangers. This aspect of the question has been presented in the *Spectator* in an article (June 28th) remarkable for its dispassionate outlook. To those who are interested in this great question its conclusions are to be commended. They may mourn the passing of an old order; they may view with some pangs of doubt the entrance of a new system; they may question the optimism of its supporters; and yet they should feel that we cannot afford to leave anything untried which may tend to relieve a situation of great peril to our national life.

GILBERT PARKER.

