

THE CASE FOR LAND-VALUE TAXATION

By Wm. E. Bland

(Report of speech supporting the resolution in favour of land value taxation adopted by the London Liberal Federation on 23rd October.)

Progressive elements in the country have long supported the policy advocated by Henry George in his writings and debated in 1889 by him in this very building, the National Liberal Club. Right from 1885, when a Royal Commission on Housing recommended a local tax on land values, down to 1931 the subject has been brought before the House of Commons in different ways, but always has it been blocked and defeated by the powerful interests opposed to it.

Sir Henry Campbell-Bannerman, speaking on housing in 1906, said :—

“Nothing in my opinion short of the taxation of land values will suffice to get to the root of this great matter, so vitally essential to the health and prosperity of the world,” and, again, “Let the value of land be assessed independently of the buildings upon it, and upon such valuation let contribution be made to those public services which create the value. This is not to disturb the balance of equity but to redress it. There is no unfairness in it; the unfairness is in the present state of things. Why should one man reap what another man sows?”

We all remember the Peoples' Budget of 1909, which I am afraid failed from its own inherent defects.

The passing of Mr. Snowden's 1931 Act, with its provisions for a land valuation and a subsequent tax on land values, put the Tories on the warpath, and by tactics, none too creditable, they engineered the last General Election and obtained a sweeping majority.

As a so-called National Government they had been in power but four short weeks when the Chancellor of the Exchequer announced that on the ground of National Economy the valuation which was estimated to cost the sum of £1½ millions would be dropped. He thus fulfilled the promise of Mr Baldwin, who earlier in the year said at Southampton, “If we get back to power that tax will never see the light of day.”

Once again the interests vested in the land monopoly have triumphed, but Campbell-Bannerman's question of 1906—“Shall one man reap what another man sows?”—remains as pertinent as ever.

World-wide trade depression, slums, poverty, and all the evils born of poverty, besides a host of others, not excepting Nationalism, and even War, can all be traced to the system which allows one person to say this land, the use of which is essential to very existence, is mine, but you shall only use it on my terms or you shall not use it at all.

It matters not what steps you take to increase the production of wealth in the hope that the masses will be better off. So long as land is privately owned the freest of fiscal policies, labour-saving devices, and the march of science and invention can but have one effect, and that is to increase the price and rent of land. The masses will never get more than is enough to provide bare subsistence nor capital more than is just sufficient to make it worth while to lend.

There are signs, and we all hope it is true, that we have seen the worst of the present depression and that trade is improving. But to what is that improvement due? There must be some cause. In my humble opinion—and I am sure there are many who will agree—the revival, such as it is, is due to falling land values.

Every depression is succeeded by falling land values because when production slows down land is at a discount. During the depression, Labour and Capital go through the painful process of settling down to a smaller return, and when, in addition, land values have dropped sufficiently, we get the signs of a trade revival: we enter on a period of so-called prosperity.

However, anything in the nature of prosperity in industry at once invokes speculation in land, and with the rise in the price of land a check is again put on industry and we get another depression, but more severe than the last.

Unless we adopt the taxation of land values and thus

destroy speculation in land, we shall be faced with a worse depression than we have ever yet experienced.

Take the housing question. The answer is that before the builder can even think about producing a house, he must, like any other producer, be he a clerk on a stool, a hand in a factory, or a labourer in a field, have a piece of land on which and from which to produce, and it is the price of that piece of land which makes it impossible to build a house at a figure which people can pay or from which the builder can make a profit. Therefore we go without houses, the builder and his men without employment, and the land stands idle.

We have been told before to-day that the L.C.C. housing schemes have never paid and the reason is not far to seek. The land purchased by the L.C.C. at their Becontree, Bellingham and Roehampton sites cost £465,883, and was previously rated at a net annual value of £5,031. Taken at 20 years' purchase that land, if the valuation was correct, should have cost about £100,000 instead of nearly £500,000. So now we can see where subsidies go, be they for building or farming or any other industry. They go into the pockets of the landowners in the form of increased value and rent of land.

Every penny that goes into the pocket of the landowner is out of the pocket of somebody else who has produced it by his labour, and when we hear of land in the south-west district of London changing hands at the rate of £1,000,000 for 8 acres, can we wonder that the forces of production are brought to a standstill or that we have depressions and unemployment?

Mr Gomer Owen, Hon. Secretary of the North Wales Liberal Federation, addressing a public meeting at Rhyl on 1st December, urged the Liberal policy of the site valuation of all land, whether occupied or unoccupied, as the proper basis of rating and the real remedy for the crushing and intolerable burden of rates.

Local administrators, he said, could not help themselves as the law now stood, but it was most unfair, unjust, and uneconomic to penalize people for their foresight, enterprise, and success in business and in the improvement of property as the present system of rating did.

There ought to be a separate valuation of land apart from improvements carried out on it.

Unoccupied land and property should not go scot free in the matter of rating, and should not be allowed to be held up to ransom, as was so much the case at present.

Liberalism would be in the limelight again as soon as it tackled this question with all its vested interest.

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FOREWORD BY PROFESSOR JOHN DEWEY

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