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THE PRIME MINISTER ON THE LAND MONOPOLY Reminder of his Past Declarations

THE RIGHT HON WINSTON CHURCHILL, M.P., when he was a member of the Liberal administration which was responsible for Mr Lloyd George's "People's Budget," was foremost in the campaign for the Taxation of Land Values, and as he has only the other day emphatically declared that "no vested interests must stand in the way" we can freely invite him back to his earlier sentiments and for the sake of the common weal ask him to act upon them.

Speaking at the Drury Lane Theatre, London, on 20th April, 1907, he said :

"We have to face all the resources of a great monopoly so ancient that it has become almost venerable. We have against us all the modern money power. We have to deal with the apathy and levity of all sections of the public. We have against us the political machinery of class and privilege represented by the Second Chamber in the State.

"There are only two ways in which people can acquire wealth. There is production and there is plunder. Production is always beneficial. Plunder is always pernicious, and its proceeds are either monopolized by a few or consumed in the mere struggle for possession. We are here to range definitely on the side of production and to eliminate plunder as an element in our social system. The present land system hampers, hobbles and restricts industry. . . . They were resolved if they could to prevent any class from steadily absorbing under the shelter of the law the wealth in the creation of which they had borne no share, wealth which belonged not to them, but to the community, wealth which they could only secure by vexatious obstruction of social and economic progress, far more injurious and wasteful than could be measured by their own inordinate gains."

* * *

But perhaps the greatest speech made in that campaign, transcending anything from any political leader who has taken the platform on this subject, was that delivered by Mr Churchill in the King's Theatre, Edinburgh, 17th July, 1909, when he said :

"It is quite true that the land monopoly is not the only monopoly which exists, but it is by far the greatest of monopolies—it is a perpetual monopoly, and it is the mother of all other forms of monopoly. It is quite true that unearned increments in land are not the only form of unearned or undeserved profit which individuals are able to secure ; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial but which are positively detrimental to the general public.

"Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position—land, I say, differs from all other forms of property in these primary and fundamental conditions. Nothing is more amusing than to watch the efforts of our monopolist opponents to prove that other forms of property and increment are exactly the same and are similar in all respects to the unearned increment in land. They talk to us of the increased profits of a doctor or a lawyer from the growth of population in the towns in which they live. They talk to us of the profits of a railway through a greater degree of wealth and activity in the districts through which it runs. They tell us of the profits which are derived from a rise in stocks and shares, and even of those which are sometimes derived from the sale of pictures and works of art, and they ask us—as if it were the only complaint—'Ought not all these other forms to be taxed too?'

"But see how misleading and false all these analogies are. The windfalls which people with artistic gifts are able from time to time to derive from the sale of a picture—from a Vandyke or a Holbein—may here and there be very considerable. But pictures do not get in anybody's way. They do not lay a toll on anybody's labour ; they do not touch enterprise and production at any points ; they do not affect any of those creative processes upon which the material well-being of millions depends, and if a rise in stocks and shares confers profits on the fortunate holders far beyond what they expected or indeed deserved, nevertheless that profit has not been reaped by withholding from the community the land which it needs, but on the contrary, apart from mere gambling, it has been reaped by supplying industry with the capital without which it could not be carried on.

"If the railway makes greater profits, it is usually because it carries more goods and more passengers. If a doctor or a lawyer enjoys a better practice, it is because the doctor attends more patients and more exacting patients, and because the lawyer pleads more suits in the courts and more important suits. At every stage the doctor or the lawyer is giving service in return for his fees, and if the service is too poor or the fees are too high other doctors and other lawyers can come freely into competition.

"Fancy comparing these healthy processes with the enrichment which comes to the landlord who happens to own a plot of land on the outskirts or at the centre of one of our great cities, who watches the busy population around him making the city larger, richer, more convenient, more famous

every day, and all the while sits still and does nothing. Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains—and all the while the landlord sits still.

"To not one of those improvements does the land monopolist as a land monopolist contribute, and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the general welfare; he contributes nothing even to the process from which his own enrichment is derived.

"It is monopoly which is the keynote, and where monopoly prevails the greater the injury to society the greater the reward of the monopolist will be. See how all this evil process strikes at every form of industrial activity. The municipality, wishing for broader streets, better houses, more healthy decent, scientifically planned towns, is made to pay, and is made to pay in exact proportion or to a very great extent in proportion as it has exerted itself in the past to make improvements. The more it has improved the town, the more it has increased the land value, and the more it will have to pay for any land it may wish to acquire. The manufacturer proposing to start a new industry, proposing to erect a great factory, offering employment to thousands of hands, is made to pay such a price for his land that the purchase price hangs round the neck of his whole business, hampering his competitive power in every market, clogging him far more than any foreign tariff in his export competition, and the land values strike down through the profits of the manufacturer on to the wages of the workman.

"It is not the individual I attack, it is the system. It is not the man who is bad, it is the law which is bad. It is not the man who is blameworthy for doing what the law allows and what other men do; it is the State which would be blameworthy were it not to endeavour to reform the law and correct the practice. We do not want to punish the landlord. We want to alter the law.

"We are prepared to make every sacrifice—I speak for my honourable friends who are sitting on this platform—of personal convenience in order to secure a thorough, patient, searching examination of proposals the importance of which we do not seek to conceal. That will be a long and painful process to those who are forced from day to day to take part in it, but we shall not shrink from it."

In Dundee, on 11th September, 1912, Mr Winston Churchill said:

"The reason why property came into disrepute was because, mixed up with the fair and genuine methods of securing and earning it, were all sorts of processes which were not conducive to the public interest, and which bore no proportion to the real merit, service, or exertion of the individual who acquired property. The worst way in which property could be acquired was through the possession of some monopoly.

"Land differed from all other forms of property in several primary and fundamental aspects. It was fixed in geographical position, it was limited in extent, it was absolutely necessary to everyone, and there were many conditions attached to land which gave to the possessor, whether he liked it or not, an undoubted power to absorb to himself year after year a share, and sometimes a very large share, of the general enrichment, which was created by the general community as a whole."

These are some of the declarations made by the present Prime Minister, which he referred to on 28th July, 1917, when as Liberal candidate for Dundee, he replied to a questioner:

"I have made speeches to you by the yard on the Taxation of Land Values, and you know what a strong supporter I have always been of that policy."

EQUALIZING THE RATE BURDEN

THE PROFESSOR of Economics at Manchester University, Mr J. R. Hicks, addressed on 28th April (*Manchester Guardian* report) a week-end school at Whalley Abbey under the auspices of the National Association of Local Government officers. His subject was local finance and his worry was the problem of high and burdensome rates which would face the local authorities after the war. He said there were two alternatives only: (1) to increase further the proportion of revenue out of grants or central funds and (2) to redivide the areas of local government in order to reduce inequalities of wealth between them. Only two alternatives.

The first of these remedies has already been tried and found wanting. Much more than £100 millions a year is now being spent out of the Treasury to keep rates down, the effect of which is merely to keep rents up and boost land prices so that industry and home building and all other enterprise, saved to some degree from an increase rate burden, is laid under tribute to land monopoly and is thus obstructed or prevented altogether.

Professor Hicks advocates the amalgamation of local districts into larger areas as a means of reducing inequalities of wealth between them; but the inequalities of wealth are inequalities between individual ratepayers and not between districts. It is the attempted remedy of the "equalized rate" to overcome the anomaly of rates being 20s. or more in the £ in one district and 7s. or less in the £ in another district; and the end will just be that some poor ratepayer will be paying more and some rich ratepayers will be paying less than formerly. It is an argument that might have applied to a window tax, on which learned professors of economics could have discoursed at great length, if it had been 2s. per square yard in one locality and 8s. per square yard in another; and what the "alternatives" were, namely, (1) to give local districts subventions out of the Treasury obtained by any kind of taxation *it does not matter*, whether on bread or beef or tallow candles, and (2) to make the areas of the local authorities larger and fewer so that this window tax might adjust itself at a uniform rate of 5s. per square yard.

The justice of taxing windows at all—or bread, beef and tallow candles for that matter—and the economic effects of such taxation are matters apparently outside the purview of the professor of economics.

And so with respect to the present rating system. We tax houses and other buildings and improvements. We exempt the value of land and allow that to go untaxed into private pockets although the study to which the professors have devoted themselves has proved beyond dispute that this value is due entirely to the presence and activity of the community.

How absurd then, and how unworthy of the professorial mind, it is to speak of equalizing rate burdens in these circumstances; or to suggest that they can be justly "reduced" by obliging the Treasury to give to the local authorities the proceeds of its equally bad taxation, thinking that occupiers will be benefited if they, instead of paying so much in rates, have to bear the burden of more indirect taxes or higher levies by way of taxes on petrol, tobacco, matches, entertainment and what not. *Does it matter to the professor?* Will it matter to him if he achieves his desired reduction in local rates by the subventions the Treasury gives when it begins to get money out of, say, a tax on sales. Will he welcome a "local finance reform" of that sort?

The urgent need is to reform the system itself; to recognize that in the value of land is the public fund from which public revenues should be derived. So many local authorities have demanded the necessary legislation for the rating of land values, with exemption of buildings and improvements, that it is strange if Professor Hicks got off with his omission or ignorance or hostility in this regard. If nothing was said in the discussion to call him to account, we are very much surprised.