

LAND VALUES

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"OUR POLICY"

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—
Henry George.

THE TURNING POINT

It begins to be more and more evident that a crisis in the economic development of this country has been reached. The years succeeding 1832 witnessed a gradual reform in public finance. For a multitude of petty taxes falling on almost every commodity, and especially on the food and ordinary necessities of the poor, there were substituted a comparatively small number of less burdensome and less obnoxious taxes. By the end of the century the beneficial effect of these reforms had worked itself out; the stimulating effect on trade and production had gradually been absorbed by increasing land values; and the restrictive effects of monopoly began to manifest themselves in a tendency towards political and economic reaction. A protectionist movement made its appearance which might have taken us back to the evil system which was destroyed by Cobden and his co-workers; that movement was definitely checked for a time by the Budget of 1909, which held in it the promise of a fundamental reform that would finally solve the economic problem by destroying land monopoly and freeing production at its source.

The war has once more given the friends of reaction their opportunity by enabling them to appeal to violent emotions and unreasoning impulse. The tariff system is being advocated on the plea that it is a means of aggression against those with whom this nation is at war, and as a means of defence—in case war comes again—in order that it may not be dependent upon those with whom war may be waged. We are not here concerned with warlike measures as such, but it is imperative to point out the economic effects of these proposals. The blow which is aimed at the Central Powers' trade with us is equally a blow aimed at our trade with them. The measure which makes us independent of them renders them independent of us.

The erection of a tariff on imports from any foreign country is, and must ever be, a blow directed against the working people of this country. It need not necessarily be an injury to the rich and powerful; if it yield a substantial revenue it will be a means of enabling them to shift the gigantic burden of war taxation off their shoulders on to the bowed backs of those who have little. But it means hardship and suffering to the poor, whose lot is now hard enough and may be infinitely worse after the war is over.

When peace comes a very dangerous and difficult situation will arise. What will become of the millions of soldiers who will be disbanded, and where will they find employment? It was easy enough to take them away from industry, but it will be another matter to replace them when trade is deranged and overloaded by an enormous burden of taxation. All that has yet been proposed to make the transition easy is the Small Holdings Colonies Bill, recently introduced in the House of Lords, to provide a few thousand acres for ex-soldiers; but this is so little that, even if it were on a sound economic basis, it would be insignificant. But it is more than the transition to a normal economic adjustment that must be thought of.

We must never again be satisfied with the economic state that was normal to this country before the war. There were millions of people who had hardly enough food to maintain them in physical efficiency and satisfy their bodily appetite, who were still more insufficiently housed and clothed, and who in the unending struggle for existence had neither leisure nor energy to satisfy their higher faculties. Unless drastic steps are taken to afford them an opportunity of making more wealth and enjoying more of the wealth they make, their condition will in the future be not a whit better than it was in the past. It will be worse—the cost of living has risen and is likely to continue high, the scarcity of housing accommodation has increased.

A few days ago there came to the Secretary for Scotland in Glasgow a deputation from the Glasgow Labour Party Housing Association, asking for a grant of £1,000,000 a year for the first year and smaller sums in succeeding years (an average of half a million for sixty years), for the purpose of building better houses. That demand is a measure of the housing problem in a city where 60 per cent. of the population are living in one- and two-room dwellings.

Mr. M'Kinnon Wood very properly admitted that this was a subject of great urgency and importance—a marked advance on the attitude of his predecessor in office, who held that under some circumstances at least there was nothing objectionable in the one-room house. But he (Mr. M'Kinnon Wood) held out no hope of action on the lines suggested by the deputation, or, indeed, on any others. In defence of this attitude he observed that Glasgow could not expect special treatment, that, therefore, £1,000,000 for Glasgow meant £50,000,000 for the United Kingdom. Another objection was that

although the expenditure was to be borne by the general body of taxpayers of the country, "those who reap the benefits from the improved general value of the city—landlords of the city and others—are to receive all the advantage and contribute nothing whatever to the cost."

We fully appreciate the cogency of the latter argument, and the land values movement in Glasgow has more than once acted upon it in order to defeat proposals for relieving the rates at the expense of the tramway surplus. But, although it may be an argument against action on the lines proposed, it is not an argument for total inaction. The Labour men in Glasgow deserve full credit for keeping this question in the foreground. Their practical proposal may have been wrong, but at least they wish to do something. Mr. McKinnon Wood, as we may judge from this answer, understands that land monopoly is the root of the evil, but he will neither accept the suggestion of the deputation nor put forward any suggestion of his own.

Questions of this kind must no longer be trifled with, especially by men who have been elected to Parliament on a democratic platform for the purpose of dealing with them in a radical fashion. If this country is worth fighting for, it must be made worth living in after the fighting is over. Men who have risked life and limb, the breaking up of their homes, and the happiness of their families deserve now, if they never did before, a square deal. The dice must no longer be loaded against them in the game of life. Land monopoly must no longer enslave them and rob them.

We have come now to the turning point when it must be decided whether the economic enfranchisement of this people is to continue, or whether they are to have fresh chains of privilege rivetted round their necks. It must be decided whether Government and the organisation of society, which has been invested even with the power of compelling men to sacrifice life itself, exists for the protection of the interests and privileges of the rich or to ensure the freedom, happiness, and prosperity of the poor.

It is admitted in a vague and academic fashion that the men who have risked all for their country deserve well of it, and deserve a securer foothold on its soil. But their legitimate aspirations will not be filled by paltry palliatives such as the Small Holdings Colonies Bill offers—palliatives less satisfying than the bread and circuses of ancient Rome. Land monopoly must be attacked at its root instead of being enriched by grants of money from the public revenues. Land monopoly can only be attacked successfully by a measure that will destroy the power of the owners to hold land out of use, and the practical form that such a measure should take is the taxation of land values. A tax on land values is as desirable now as ever it was as a means of forcing land into use and reducing the price of land, but it is more than ever expedient as a means of raising public revenue, and as the only effective reply to the tariff agitation.

This policy, progressives of every varying shade of opinion should concentrate on now if they are to defeat the rising tide of reaction. This policy they can unite in urging without prejudice to their ultimate ideals. The conferences held recently in London and Manchester have shown clearly the possibility of agreement for common action between the organised Labour movement and ourselves. The Liberal Party is officially pledged to a policy of rating and taxing land values, and the rank

and file of the Party believe in it. Let democrats of all parties join together and organise now to make this the main issue in politics when the war is over.

F. C. R. D.

THE LAND TAX

By Professor Paul Leroy-Beaulieu

The following is an extract from the standard French treatise on public finance, M. Paul Leroy-Beaulieu's *Traité de la Science des Finances*, Part I., Book II., Chapter VI. Sixth edition, 1899.

That the land has first attracted the attention of all Governments as an excellent subject-matter of taxation is not surprising. Landed property profits more than any other from social security, as well as from the public works which may be undertaken by the State or the localities. Landed property is, besides, not the most ancient form of property; distinguished economists, M. de Laveleye among others, have proved that in the absolute sense we give it, under the form of *dominium absolutum*, with the extended rights that it confers; this form of property is of relatively recent origin, infinitely younger in every case than property in cattle, instruments of labour, houses or furniture; but landed property is anterior to property in moveables as we understand it, that is to say, to all transactions in industrial and commercial companies. In fine, landed property has a peculiar character—this fact is incontestable. In primitive time the earth was common to men: the owner profits by a sort of collaboration of the generative forces of nature which usually gives him, in addition to the strict result of his efforts and the interest on the capital expended by himself or his predecessors, a sort of bonus which contemporary economists have called the rent of land, and which the physiocrats wished to denote by the equivocal term, net revenue (*revenu net*). The proprietor, therefore, owes to society a recompense for the concession that it has given him of a thing formerly common, of a thing which is endowed with a productive virtue in a manner spontaneous, which, in short, gives back more than is put into it. So long as the whole extent of the territory of a country is not completely occupied and appropriated, the legislator hardly takes this point of view; but it is right that he should so view it when all the land has come under the regime of individual property. Then the land tax may be considered as a rent paid by the proprietor to the society for the use of riches which were primitively common and which are limited in quantity. We are not required here to justify or explain the causes of the system of private property in land; the true reason for this system is that it is the only one which ensures the good development of the soil, which brings cultivation to the highest degree of perfection, and which gives to society the greatest possible amount of vegetable and animal products; but it is none the less true that the landed proprietor is in a sense the tenant of society taken as a whole, and that he owes it a return for the use of the natural forces which he has appropriated.

Thus, landed property is a good subject matter of taxation for the following three reasons: that it profits more immediately than any other from social security and public works undertaken by the public authorities; that it was in the past almost the only form of wealth and almost the sole source of large incomes, and that it is still at the present day, in most civilised countries, the principal source of the incomes of the idle classes; since, finally, landed property has a peculiar character, as it involves the exclusive use by individuals of a thing primitively common to all, and as the landed proprietor is in a sense the tenant of society taken as a whole, owing a contribution equivalent to the utility of the natural forces of the soil.