

The 1929 assessed selling value of the land on which New York City stands was more than £1,500 million. The value of the surface of Greater London was not likely to be less and it was reasonable to assume that the land value of the rest of Britain was seven times as much, *i.e.*, for the whole country, upwards of £10,000 million.

While accuracy is not claimed for the conclusions thus derived, the way the figures for New Zealand and for New York support each other suggests that our 1929 estimate gives an approximate indication of the then value of the land of this country. That is all that we claimed for it. In view of the constant fall in the value of money since those days and the consequent heavy investment in land by financiers and others, the three million increase in population, the march of progress, the liberal distribution of government grants and subsidies of all kinds which have all raised land values, and other factors, we do not believe that it is unreasonable to assume that land values have at least doubled during the past quarter of a century. We accept Mr. Clark's contention that it is preferable to estimate annual income from land, rather than to attempt to estimate its capital value, but our use of the latter method was dictated by the form in which New Zealand and New York present their statistics.

Mr. Colin Clark's computations are much more questionable than are our own. In the absence of a valuation, on what does he base his conclusion that "the entire net income of urban and rural land taken together will be below 5 per cent of national income," mythical figure as that is? The official statistics of national income in the United States, to which he refers, are as faulty as those for this country. Based on the fallacious assumption that national income is synonymous with the aggregate of personal incomes, they include payment for services and self-cancelling "obligation values" of various kinds.* Whether or not land values in the United States are in fact falling as a proportion of this meaningless figure is not only unknown but, even if it were known, it would prove nothing. A proportion of a false figure is itself false. And while in some parts of the U.S.A. land is valued separately from the buildings and improvements thereon, this is not the general practice. As a result, nobody knows the total unimproved land value of the country. Certainly land value *in a given area* may tend to decrease as "cities become more separated out," but elsewhere it will rise. Men take land value with them when they move as surely as they take their shadows.

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In conclusion, Mr. Colin Clark remarked:—

"Some people purport to deduce, by theoretical reasoning, that the expenditure of any money on any government services is bound to create the exact economic equivalent in land values, so that the whole cost of the services could, if we wished, be paid by taxing such land values. This piece of theoretical reasoning is utterly untenable and always has been."

Strictly interpreted, there is substance in what Mr. Clark says. National expenditure on armaments, for instance, could be doubled without raising land values one iota (assuming that existing plant is sufficient for the purpose). Extravagant municipal expenditure on the most expensive vehicles, needlessly costly public buildings

and the provision of splendid uniforms for all its employees would similarly fail to raise land values. But to concede this point does not invalidate the self-evident and amply supported contention that wise communal expenditure on necessary and desirable communal services does, in fact, always augment the communal fund of land values, the collection of which would largely, and in some cases entirely, offset the cost of their provision.

To recapitulate and to conclude we would say this. Neither we nor anyone else knows what is the present net cost of government. Nor can we make any accurate estimate of what would be the cost of necessary services in a free and just society. Knowledge of the unimproved value of the land of this country is withheld from us at the instance of its present appropriators. It is, however, certain to be quite insufficient to meet the present combined burdens of ameliorating poverty, maintaining a swollen civil service, supporting large armed forces equipped with crippling costly weapons, paying interest and redemption charges on the national debt, etc. But land value is sufficient to pay for all the proper functions of government in the Just Society based on equal freedom and its collection is the first and indispensable step for the attainment of such a civilization.

P. R. S.

AN AUSTRALIAN STATESMAN'S VIEW

SIR FREDERIC EGLESTON ON MUNICIPAL REVENUE

In an article in the *Melbourne Age*, August 21, Sir Frederic Eggleston, a man of recognized influence in the public life of Australia and a frequent contributor to the press, discussed the question of how municipal services should be paid for. He criticized severely the agitation for relieving the municipal authorities from a good deal of their present financial responsibility, saying there was an unhealthy tendency to put all burdens on the Federal Government. It is the same move, in fact, that has gone to such tremendous lengths in Great Britain whereby through subsidies from the Treasury the cost of local government has been more and more thrown on the general taxpayers, for the relief of local rates, not only undermining the very existence of local self-government, but also having the eventual effect of enhancing the rent and prices of land for the peculiar benefit of the landed interest, and thus making conditions all the harder for the mass of the people.

Sir Frederic Eggleston maintained that it is right to charge all local services against land, the reason being that "land values rise in relation to the profit made from the use of land and nearly all those services make land use more profitable and therefore increase land values. They rise in response to human effort on the land, of course, but far more in response to the general development of the community and its prosperity." One of the worst features, he says, of the present system in Victoria is not only that the rates are low, but also that the land is grossly undervalued—a very important point indeed on which anyone who knows land values in Victoria will agree and it is well brought out in the table of the Shire valuations that Sir Frederic produces from the Municipal Year Book. In nearly every case, the value on which the assessment is made is only a fraction of current sale values, sometimes only one-tenth; and the conclusion is that "if these lands were properly valued, country municipalities would be able to provide all the amenities their citizens require and contributions from Federal resources would not be needed."

* See *A Study of the Concept of National Income*, by Roy A. Foulke. Dun & Bradstreet, Inc., New York, 1952.

We are indebted to Mr. B. A. Levinson, LL.B., member of the United Committee and himself an Australian, for the following note:—

Sir Frederic Eggleston is an elder statesman above the turmoil of politics. In his time he has held ministerial office in the State of Victoria and has represented Australia in Chunking and in Washington. Recently he wrote his *Reflections of an Australian Liberal*, in which he criticized candidly past and present policies and politicians. There is no one who could speak on such subjects with the authority he commands. His book was sold out within three days.

The land question in Australia is only one of the subjects he deals with. He is not a Henry Georgeist, and yet his observations on the failure to apply the right policy in relation to the land read like a postscript to LAND & LIBERTY.

In the early years of settlement in Australia, the vacant areas were vast and the settlers few but gradually increasing. How was the land to be distributed? The Colonial Office realized that the sale of land meant that future generations would be held in pawn. Accordingly, while it was in control, it adopted the policy of licensing or leasing for pastoral purposes, reserving the freehold for the future when the land would be needed for agriculture. Governor Gipps had to stand up against the whole of the then population to carry out the policy.

When local government began, the pastoralists fought for grants at 2s. 6d. per acre, and the freehold was let go. Sir Frederic Eggleston writes: "Eventually all the best and most accessible land was alienated in fee simple into the hands of large holders who harvested the unearned increment. For nearly 100 years the land question dominated Australian politics. The gospel of Henry George was seized with avidity by land reformers; it was too complex for the average voter. Much land had to be bought at many times the price paid for it. When the process had gone on long enough and the balance of political voting turned in favour of the smallholders the land question became politically dead. Queensland adopted a leasehold system for all land undeveloped at the time it was instituted and it is the only State which made any real attempt to tackle the problem."

The time came when there was none of the better and more accessible land available for more intensive settlement and the Government had to buy it back at enormously enhanced values and at "terrific public loss." Railways and roads and irrigation had been provided. Population had grown and with it the demand for land. The farmer took to harvesting the increase in the value of his land rather than its productivity. Sir Frederic says, "No attempt had ever been made to prevent land values becoming a burden on the community and the problem is as urgent as ever."

IN THE SPANISH PRESS

The propaganda output of our colleagues in Spain has always been notable in quantity and quality, but a recent mailing is even more impressive in the new press openings which they discover or create. The important weekly review *Nueva Economia Nacional* of Madrid has almost every week matter of high philosophic and practical value. A series on the State and its Economy by Alvarez Ossorio Barrau is full of wisdom in its review of an essay by Padre Marriana, who wrote about the year 1600, and it is supplemented by relevant material from the pens of

Baldomero Argente and Gonzales Gomez of our own day. Another fine series is that by Francisco Alvarez on the Responsibilities and Limitations of the State. In another issue, E. Lemos Ortega reviews a recent study by the Buenos Aires Professor Villalobos-Dominguez of the plans and principles of the Physiocrat Bernardino Rivadavia, the first President of the Argentine, in 1826; and in this, mention is made of a number of authoritative writers including especially the Uruguayan Dr. Manuel Herrera y Reissig. A remarkable series of articles has appeared in *Flores y Pajaros*, organ of the society for protecting plant and bird life. Front page is given to an article entitled "The Verdict of a High Moral Authority" in which the anonymous author expands upon the declaration by the Archbishop of Barcelona in his recent pastoral letter, stating that among the causes of the faulty ordering of our modern social and economic world is the unjust distribution of wealth. In other issues of this periodical Baldomero Argente speaks to the readers of the equal duty to uphold human life and dignity; and Lemos Ortega, expounding the Georgeist philosophy, offers the same exhortation. In the daily paper *Sevilla*, of November 14, Ortega traces the historical background of the movement in Spain for land value taxation (the "Impuesto Unico") naming many writers from Juan Luis Vives to Flores Estrada, a contemporary of our David Ricardo. Another influential humane society "for the protection of animals and birds," in its finely produced quarterly Bulletin, reprints in full one of the articles on social philosophy by Baldomero Argente in the Barcelona newspaper *La Vanguardia Espanola* to which he is a regular contributor. It is gratifying to think that this good educational effort reaches a wide public. Such brief reference as we have given cannot possibly do justice to it, but warmly we extend our congratulations to our Spanish friends for their vigilant devotion to the cause we and they have at heart.

M. J. S.

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Yeovil. In the Centre of this Important Somerset Town. Sale by Auction of the Valuable Freehold Site being 120 Middle Street. Having a Frontage to the Main Shopping Centre of about 23 ft. 6 ins. and a Depth of about 74 ft., embracing an Area in all of about 157 sq. yds. In the heart of the Multiple Stores Area, and adjoining the International Tea Co.'s Stores Site on the East and Boots Cash Chemists' Site on the West. Vacant Possession.