

Costly Land and Burdensome Taxes

Taxpayers Build Walls for Landholders

The value of low-lying coastal land liable to flooding is obviously enhanced when it is protected by a sea wall. Unquestionably the cost of such defences should be borne by the owners of benefited land. In practice, however, it is thrown largely on to the national exchequer and is met by direct and indirect taxation.

The following item reprinted from the *Municipal Journal* of September 28 is typical. "Fleetwood Corporation has been informed by the Ministry of Housing and Local Government that a £536,000 grant will be made towards the estimated £670,000 cost of sea defence works. Most of the money has been spent on rebuilding a section demolished by a gale in December, 1954."

Industrialists, commercial interests, and others now clamouring for mere reduction of the crushing burden of taxation should demand to be released from their present obligation to shoulder the financial responsibilities of benefited landholders.

Who Provided These Facilities?

About 8½ acres of building land at South Wooton Lane, Lynn, were sold by auction for £4,500 (*Lynn News*, October 5). The site has a frontage to South Wooton Lane of about 560 feet giving facilities for main drainage, main water and electricity—facilities that the community and no individual landholder provides.

Scientists Fleeing Britain

According to Mr. Cyril Osborne, Conservative M.P. for Louth, in a letter to the *Daily Telegraph* recently, some British universities are already losing more than half their Ph.D.s to Canada and the United States. Commenting on this in his "Way of the World" column, the *Telegraph's* contributor Peter Simple, suggested that the solution to the problem was to double scientists' wages if they were not to emigrate and work for our competitors. Merely to spend more money on scientific education was to fill the bath with the plug out.

At first glance, here is an intractable enigma. The cost of providing the improved scientific education required to train the people on whom the future prosperity of the country may largely depend will require a higher tax revenue. That in turn will drive more scientists and others overseas, and the next generation will follow as soon as their training is complete. There is only one answer, and that is to shift taxation progressively off the value and products of human effort, and to place it on the value of land where it properly belongs.

Inventor Dodges Tax Gatherer

Mr. Henry J. Cooper, an Englishman now working in Cork, has invented a loom which, he claims, will revolutionise the cotton industry. Work on it is being carried out in a workshop at Victoria Cross, Cork, and is nearly completed. Mr. Cooper has been working on his invention for the last 25 years. He went to Cork three years ago to complete his experiments because, he said, it was impossible for an inventor, under the present British tax code, to reap the full benefit of his efforts.—*Manchester Guardian*, June 18.

Midlands Town Centre Sold

The freehold ground rent of £83 18s. for the five acre site in the centre of Sutton Coldfield mentioned in our last issue was sold by auction on October 10 for £19,700. Secured on 16 shops, the Public Library, 83 houses, garages, workshops, and stores, it is estimated to have an estimated reversionary rack rental value of £15,000 per annum when the lease expires in 35 years time.

Congestion in Glasgow—Land Monopoly Responsible

In Glasgow, the Clyde Trust demanded a price of £800,000 for the Custom House Quay, which the City Council would be compelled to acquire in order to build a Bailey Bridge over the Clyde to relieve traffic congestion in Glasgow (*Scotsman*, September 26). The Corporation wanted only about 100 feet or so for the bridge project but the Clyde Trust said they would have to take the whole of Custom House Quay at the price named. The Convenor of the Highways Committee denounced the offer as ridiculous; result, the

Taxation As It Is and As It Should Be

Taxation operates upon energy, and industry, and skill, and thrift, like a fine upon those qualities. If you have worked harder and built yourself a good house while I am content to live in a hovel, the taxgatherer now comes annually to make you pay a penalty for your energy and industry, by taxing you more than me. If you have saved while I have wasted, you are mulct while I am exempt.

We punish the man who covers barren fields with ripening grain; we fine him who puts up machinery, and him who drains a swamp. How heavily these taxes burden production only those realise who have attempted to follow them through their ramifications, for their heaviest part is that which falls in increased prices . . . To abolish these taxes would be to lift the whole enormous weight of taxation off productive industry . . .

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To shift the burden of taxation from production and exchange to the value or rent of land would be not merely to give new stimulus to the production of wealth; it would be to open new opportunities . . . No one would care to hold land except to use it, and land now withheld from use would everywhere be thrown open to improvement . . .

Whoever planted an orchard, or sowed a field, or built a house, or erected a manufactory, no matter how costly, would have to pay no more in taxes than if he kept so much land idle. The owner of a vacant city lot would have to pay as much for the privilege of keeping other people off it until he wanted to use it as his neighbour who has a fine house upon his lot . . .

The selling price of land would fall; land speculation would receive its death blow; land monopolisation would no longer pay. Thus there would disappear the premium which, wherever labour is most productive, must now be paid before labour can be exerted.

abandonment of the bridge-building project and the traffic congestion remains. When the Convenor was asked if the quay could not be put to other uses if acquired by the Corporation, for example, for the erection of a bus station, he retorted "Who is going to pay £800,000 for a bus station? We won't." Evidently, land monopoly can be exercised as harmfully by the public authority as by any private landowner. Both can be effectually brought to reason by means of the rigid application of land value taxation.

Golden Island in Holborn

The *Estates Gazette*, October 6, reported that the Holborn Estate, which was formerly part of The Foundling Estate, and comprises virtually an island site situate off Woburn Place and immediately opposite Russell Square Tube Station has been sold to a group of investors for a figure well in excess of £100,000.

Capital Value of Passing Feet

The freehold corner shop site, formerly that of the Railway Hotel, at Ealing, with frontages to the Broadway and High Street of 200 ft. and a total area of 10,030 sq. ft., was sold for £101,250 when submitted to auction last month. The site, which provides a first-class multiple trading position, was bought by Lilley & Skinner, the footwear firm.

Actors "Rest"—Revenue Falls—Halls Close

According to Mr. Sydney Bernstein, the impressario, in an interview reported in the *News Chronicle* recently, one of the main problems for the variety theatre is high taxation. "Many top-liners who might help to save the halls stop working after a certain number of months in the year. They won't raise a finger to earn any more for the Inland Revenue."

Millionaire's Rubbish Dump

The sale of 500 acres of waste land on the North bank of the Thames at East Tilbury for an undisclosed sum to an unnamed purchaser, was announced on November 12, by Mr. Charles Gover, chairman of the Tilbury Contracting and Dredging Company. The company has been using the site as a tip for rubbish from London's dustbins, with which it has raised the level of the land from below water level to 12 feet above the high water mark.

According to *Daily Express* city correspondent, Frederick Ellis, "Mr. X" is likely to have paid about £2,000 an acre for land in that position, that is, about £1 million for the 500 acres. The air of secrecy surrounding the transaction is attributed to the likelihood that the purchaser may be seeking further land in the immediate area. It is thought that the purchasers may be Fisons, the fertiliser manufacturers. The previous week that firm was reported to be seeking to borrow £5 million at 6 per cent for the purpose of building a Thames-side factory.

It is no secret that the purchased site owes its value to its position, and not to the "improvements" placed thereon by the vendors. It is not, as Frederick Ellis writes, "muck" that "looks like making money for Tilbury shareholders" but *land values*. The company's gain is the community's loss. The episode illustrates the toll that is exacted before industrialists can start production.

Tory Taxation Paves Way for Socialism

In his presidential address to the National Federation of Ironmongers at Scarborough, May 29, Alderman G. McIntyre, of Durham, said that taxation had achieved such colossal

proportions that private trade was threatened "with almost complete extermination."

Santa's Sack of Taxes

The capricious purchase tax is causing concern to toy makers. A spokesman for their trade association said recently that customers are often mystified when they are offered apparently similar toys at widely differing prices. Not knowing that the reason is that one toy is taxed, and the other is not, customers think that one manufacturer is less efficient, or is claiming a larger profit margin, than the other. For instance, a basket-making set with cardboard matchsticks and paper is free of tax, but if raffia is substituted for the paper, the set becomes liable to tax at 30 per cent. The association complains that regulations are not interpreted uniformly throughout the country, so that Customs and Excise officers in one town decide that a toy or game must bear tax, while those in a neighbouring town allow it to be sold tax-free.

Many large manufacturers are also disturbed about what they regard as a loophole in the tax regulations which allows anyone to produce taxable articles up to the value of £500 a year and sell them free of tax. About this time of the year, they say, groups of part-time toymakers get together and, working as a team in a small workshop or garage, turn out considerable quantities of toys between them. Each man, however, sells his share of the total production as his individual production and in this way escapes tax, provided its total value is less than £500.

A number of leading toy manufacturers think that these anomalies would be brought to light (but not removed) if toys were to carry a label setting out how much of the purchase price is made up of purchase tax. That would exonerate them from charges of inefficiency and profiteering. But other manufacturers fear that customers would register their dissatisfaction by refusing to buy taxed toys at all. And no doubt they are right.

There will be no need to tax toys when land values are diverted into the public exchequer. Out of enlightened self interest, toy makers should support our campaign for just taxation.

Farm Subsidies Fetch Satisfactory Prices

These instances from the *Financial Times*, October 13:

The Shute Estate comprising 1,100 acres was knocked down at auction for £50,000. With a rent roll of £2,408 it comprises five farms, Haddon House, Shute School, several cottages and woodland.

The Hareby House Estate on the Lincolnshire Wolds was sold for £37,500. It comprises some 888 acres of arable and pasture, with 14 houses and cottages and the main residence.

Mayles Farm, Wickham, Hants, of 139 acres sold at auction fetched £12,500.

The Shropshire Farm, Lee Bridges at Ellesmere, of 196½ acres brought in £17,000.

The Ray Estate of 7,760 acres in Northumberland was put up to auction by the Ministry of Agriculture and realised £72,000. It comprises eight major farms and several areas of woodland, with fishing on Sweetthope Lough.

The prices which these properties "fetched" are no doubt satisfactory to the vendors but what about the purchasers trying to bargain in a monopoly market. The vendors capitalise the subsidies, rating reliefs, etc., that an unwise Government confer upon agriculture at the expense of the general taxpayers, and the price paid by the purchasers represent their anticipation that this false and unjust largesse will continue.