

Henry George—Recommended Reading for Investors

Often we have quoted from estate agents' advertisements and the property columns in order to show authoritatively that the economic rent of land is created entirely by the presence and activities of the community, and not at all by anything that the landholder has done or can do. Now we have been repaid in our own coin.

The managing director of the Alliance Building Society, Mr. Lewis C. Cohen, writing in the *Investors' Chronicle*, May 5, used a quotation from *Progress and Poverty* to support his argument that building societies with surplus funds available to invest should turn their attention to central properties.

"The securities worthy of attention are those situated in the acknowledged heart of the business life of our major cities; those properties occupying sites for which the great 'multiple' traders (whose names are household words throughout the country) are ever ready to compete; the premier trading thoroughfares to which our massive population is increasingly drawn for more and more of its requirements . . ."

"I should like to conclude these observations with a quotation from a notable work on the subject of land values, which is worthy of further study by those who are interested. It is by that great and farseeing economist, Henry George. Those who are familiar with his teaching will know that he believed in a constant increase in land values in central sites: that was indeed the basis of his teaching and if we take the history of any major town in any civilised country in the world over the last hundred years, his teaching is proven overwhelmingly correct.

"To go even further back, if we read the histories of ancient Roman philosophers we find that even in those distant days they were emphasising how values increased in the heart of their own cities: the same is true to-day.

"Henry George writing of such cities as Chicago, St. Louis and San Francisco says:

'Hither runs all roads, hither set all currents, through all the vast regions round about. Here, if you have anything to sell, is the market; here, if you have anything to buy, is the largest and the choicest stock.

'All these advantages attach to the land; it is on this land and no other that they can be utilised, for here is the centre of population—the focus of exchanges, the market place and workshop of the highest forms of industry. The productive powers which density of population has attached to this land are equivalent to the multiplication of its original fertility by the hundred fold and the thousand fold.

' . . . That this is the way in which the increase of population acts in increasing rent; whoever, in a progressive country, will look around him, may see for himself. The process is going on under his eyes. The increasing difference in the productiveness of the land in use, which causes an increasing rise in rent, results not so much from the necessities of increased population compelling the resort to inferior land, as from the increased productiveness which increased population gives to the lands already in use.'

Mr. Cohen should have added that Henry George's teaching did not stop short at showing the economic effects of increasing population (and other factors) on the value of land but led naturally and inescapably to the moral argument in favour of the public collection of that value by taxation. It is to be hoped that Mr. Cohen's commendation will prompt the building society to study *Progress and Poverty* and ponder well its implications before investing their members' savings

in land values which sooner or later will flow into the public treasury.

Public Meeting at Penge

A public meeting held in Penge on May 7, by the United Committee adopted unanimously a resolution calling for the repeal of derating and the adoption of the rating of land values. The resolution was in almost identical terms to the one adopted at Bromley in March. The meeting was requested by the Beckenham Liberal Association, among whose members we number some of our readers. The audience was particularly friendly and quick to understand the reform advocated but unfortunately because of a power breakdown affecting all train services to the area, which delayed the speakers, only about forty people were present.

The Bromley Meeting

The March 19 meeting in Bromley was well reported by *Rating and Income Tax*, April 5. Following are extracts:

Ratepayers, particularly shopkeepers, were confronted with three possible alternatives—to knuckle under, to emulate the methods of M. Poujade, or to demand the Henry George system of rating of land values, said Mr. P. R. Stubbings. The first of these alternatives was unthinkable. The second was sterile. The third was what traders in Australia and New Zealand had done and were doing "with incomparable benefits to themselves and the whole community."

Land value rating differed as sharply from the present rating system as white from black. Enterprise was encouraged and rewarded and society was knit into a harmonious unit where no ratepayer enjoyed a privilege at the expense of another. To-day, development was discouraged and ratepayers were divided into warring groups. All these groups would benefit from rate reform.

Mr. A. W. Madsen, B.Sc., editor of *LAND & LIBERTY*, said that substitution of the rating of land values for the present rating system might be justified on both ethical and economic grounds. To the extent that the policy was adopted, the rates as they were now levied would be reduced or eliminated. The taxation of land and buildings as and when they were brought into use would be abolished. Local government would derive its income from the community-created value of land.

Land value rating could work and be equally advantageous and beneficial to both urban and rural districts and to both agricultural and industrial enterprises.

Mr. V. G. Saldji, president of the Land-Value Taxation League, said that the revaluation had kindled an unprecedented nationwide interest in rating and that more and more people thought that the present system was outmoded and was both unjust and harmful in its incidence. People everywhere were looking for an alternative method of rating.

Advocates of this reform had been handicapped by the financial provisions of the Town and Country Planning Act, 1947. Repeal of the development charge in that Act gave a new significance to the Erskine Simes' inquiry committee in which the majority had confused "site value" with "existing use value." But para. 168 of the majority report, which was signed by the chairman and seven other members, spoke for itself. Although the majority report was against the adoption of land-value rating, the terms of reference had left very little alternative and made an adverse report almost inevitable, for regard had had to be paid to "the provisions of the Town and Country Planning Acts and other factors." Even so, three members had signed a minority report in favour. Now the development charge was abolished, no valid obstacle stood in the way.