

# TAXATION OF LAND VALUES—PROS AND CONS

## From a Conservative Party Document

### PRO.

(1) Land, limited in quantity, the natural dwelling place, storehouse and workshop of labour, the source of all wealth, owing its value to the presence, needs, activities and expenditure of the community that lives upon it, stands in an economic category by itself, and has a value of its own—a value which is a peculiarly fit subject for, and a uniquely just basis of, taxation.

(2) There is practically a monopoly in land-owning in this country, and taxation of land values will have the result of giving the people easier access to the land, which is a crying national need.

(3) Taxation of land values lowers urban ground rents, so that building is encouraged. One of the great causes of the housing shortage is the heavy rents and values charged. Urban rents would be lowered because the space is strictly constant.

(4) Speculation in land is discouraged, especially where the tax is general and not municipal, as often in America.

(5) Where the tax is general, no congestion or overgrowth of cities takes place.

(6) Loans for building would be easier to get and not so necessary when rents were reduced.

(7) Land taxes would force landlords to give up some of their country estates, which would then come under cultivation.

(8) It cannot be denied that the taxation of land on its true capital value, by making it unprofitable to hold land idle or partially idle, would ensure that land would come into use for building or any other industrial purpose for which it is best suited when and as it is wanted; this would multiply openings for the employment of labour. The freeing of buildings from taxation would remove burdens that discourage industries already established.

(9) It is quite possible to estimate the value of land; it is done for other purposes quite successfully.

(10) Taxation always of necessity confines itself to gains. The State cannot attend to losses.

(11) Since owners draw enormous profits from the numbers and industry of their fellow-citizens, they should contribute to their burdens.

(12) The ethical principle of the single tax is to tax properties to which the justification of private property does not attach. Its ultimate aim would be a tax-free society. It recognizes only the right dependent on the individual's producing something.

(Some) There is no need to make taxation of land values the sole tax, *i.e.*, every supporter is not a single taxer.

(13) It would solve the principal difficulties on financial grounds that attend land nationalization.

(14) In the Dominions and in America it has worked very well.

(15) The land question is at the root of all others.

(16) Land nationalization will only rivet the burden of State interference with industry more firmly. The Single Tax limits the State to the role of tax-collector and sets every one free to work.

### CON.

(1) (Some) Because land differs from every other kind of property (which cannot be denied), it does not follow that the community is justified in cancelling property in land, or (which amounts to very nearly the same thing) in imposing a special tax upon it. (Some) Land is not in a special economic category, for all commodities owe their value to the presence and needs for the community.

(2) There is no land monopoly in England, and rents generally are low. There are many freeholders and what is wanted is not easier access to land, but easier access to capital.

(3) It is doubtful whether it does lower rent. At any rate, it would discourage building, since unearned increment in land values is an incentive to building, for buildings that are expected to depreciate through obsolescence are often put on land that is rising in value in the expectation that the rise in the value of the land will compensate for the depreciation of the building.

(4) Where the tax has been instituted, *e.g.*, in Vancouver, land speculation has been furious.

(5) If the tax is as successful as its supporters say it will be, the net result will be a vast increase of city areas—a very bad thing for the community.

(6) Land taxes dry up loans for building, since these depend on ground values.

(7) Agricultural land offers the greatest facilities for shifting the tax on to others' shoulders. The prospect of unearned increment is a great incentive to pioneering and farming.

(8) A successful land tax means the development of Capitalism. It is unjust to go on taxing land for its supposed value when no one wants it and then tax it again for its unearned increment when it is wanted. Current taxation should come out of current income.

(9) The only value land has is its selling value, which cannot be found out beforehand. Land valuation in the past has been mainly farcical, and land taxation taxes on the basis of speculation.

(10) If unearned increment is taxed, unearned decrement, *i.e.*, loss due to external causes, should be made good.

(11) Such taxes, not coming out of income or revenue, violate the principle of taxing capacity to pay.

(12) It is vicious because it gives relative or complete freedom to personal property. Monopolies are just as possible in other things. Stockholding also produces nothing but an income.

(13) Its confiscatory nature is unjust, because the continuance of an institution, *e.g.*, land owning, should furnish an obligation to give protection or compensation to those who in the past have come under it. Any retrospective character it has is also unjust.

(14) It has failed to exercise any appreciable influence on development, and where it has been applied by instalments each instalment has been more difficult to introduce and has had less effect than the previous.

(15) Nothing is done to solve the problem of society, of which the land question is a very small part.

(16) Land nationalization with compensation is simpler, juster and more effective.