Land Value and other Values.—Lord Hugh Cecil devoted a large portion of his speech on the Finance Bill to combating the "strange theory" of Mr Snowden and Colonel Wedgwood, "that the site value of land is the creation of the community in a sense different to anything else." This, he said, was "sheer economic nonsense," because all values are "created by demand operating on supply." Mr Harney appositely interjected that "there is a fixed supply of land." Lord Hugh subsequently said: "In the case of site values, the value does not refer to anything else. It is something which is limited in amount, and therefore it has a value due to the pressure of demand." Surely Lord Hugh has given his case away. Land is not produced. There is no means of increasing the supply of it, although the available supply may be, and is, curtailed by speculation. Its value, therefore, on Lord Hugh's own argument depends entirely upon demand. No other object is in a similar category. The only case which faintly resembles this is in the supply of Old Master paintings and a few other man-produced works which cannot be reproduced. However, paintings can be copied more or less successfully, and the majority of people content themselves with substitutes. There is no substitute for land. Man can live without "Old Masters," but he cannot live without land. As Mr Churchill said in Edinburgh in 1909: "Pictures do not get in anyone's way. They do not lay a toll on anybody's way; they do not touch enterprise and production at any point; they do not affect any of those creative processes upon which the material well-being of millions depend."

The Law of Rent.—What gives value to land, as Henry George has so clearly explained in *Progress and Poverty*, is its capacity for yielding rent, so that the causes that give rise to economic rent must also explain the nature and existence of land value. We quote from the chapter "Rent and the Law of Rent":—

"When land is purchased, the payment which is made for the ownership, or right to perpetual use, is rent commuted or capitalized. If I buy land for a small price and hold it until I can sell it for a large price, I have become rich, not by wages for my labour or by interest upon my capital, but by the increase of rent. Rent, in short, is the share in the wealth produced which the exclusive right to the use of natural capabilities gives to the owner. Wherever land has an exchange value there is rent in the economic meaning of the term. Wherever land having a value is used, either by owner or hirer, there is rent actual; wherever it is not used but still has a value, there is rent potential. It is this capacity of yielding rent which gives value to land. Until its ownership will confer some advantage, land has no value.

"Thus rent, or land value, does not arise from the productiveness or utility of land. It in no wise represents any help or advantage given to production, but simply the power of securing a part of the results of production. No matter what are its capabilities, land can yield no rent and have no value until someone is willing to give labour or the results of labour for the privilege of using it; and what anyone will thus give depends not upon the capacity of the land but upon its capacity as compared with that of land that can be had for nothing. I may have very rich land, but it will yield no rent and have no value so long as there is other land as good to be had without cost. But when this other land is appropriated, and the best land to be had for nothing is inferior, either in fertility, situation, or other quality, my land will begin to have value and yield rent. . . . Fortunately, as to the law of rent, there is no necessity for discussion. . . . The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use."

Land value, in fact, expresses the measure of comparison between one piece of land and another as to its advantages of situation, capacity and productiveness. It is itself the cause of that demand for land of varying productiveness, and the limit of that demand is governed by the law of rent.

How Population Creates Land Value.—Drawing his remarkable picture of the growth of a great city from the isolated hut of the first inhabitant—in his well-known "Boundless Savanna" illustration—Henry George shows why the land of the first settler is now so valuable, situated as it is in the heart of the city.

"It is the focus of the exchanges, the market place and the 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 hundredfold and the thousandfold. And rent, which measures the difference between this added productiveness and that of the least productive land in use, has increased accordingly. . . . 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 the increased population, compelling the resort to inferior land, as from the increased productiveness which increased population gives to the lands already in use."

This point is repeated and emphasized: *increase of population gives increase of productiveness or utility to certain lands.* It is in this way that the community creates land value, while with increasing population and improvements in the arts, all things produced by labour become ever cheaper and are reduced in value. Lord Hugh Cecil, however, persists in his error, and disclaiming the obvious truth that land value is not the creation of the landowner but is taken by the landowner from the community, does not want to listen to "the foolish nonsense that would persuade this House and the country that there is something peculiar about the values of the sites of land, because all such ways of thinking are a delusion and a snare, only originating in confusion of thought and only satisfactory to factious malice"!

Henry George and Mr Churchill.—In the debate on the Finance Bill, Mr Churchill asked the question: Why did Mr Henry George fail? and proceeded to answer it thus:—

It was because he had been studying the world as it had been for generations and centuries and arrived at certain conclusions on that basis, and the conclusion was that land was practically the sole source of wealth. But almost before the ink was dry on the book he had written it was apparent that there were hundreds of different ways of creating and possessing and gaining wealth which had either no relation to the ownership of land or an utterly disproportionate or indirect relation.

This is an excellent example of Mr Churchill's cynical fooling. The answer in the first place is that Henry George has not failed. His adherents are found all over the world in steadily increasing numbers, and many people subscribe to his practical proposals who are almost ignorant of his name. No social reformer has been more abundantly justified in his day and time. His tenets are written into the practical legislation of many countries wherever the advance of land value taxation is on record. Let Australia, New Zealand, South Africa, Canada and Denmark bear witness and places like Brisbane, Sydney, Wellington and Pretoria that have so effectively made the distinction between the value that belongs to the community and the value that is the property of the individual. It is an achievement that cannot be explained away.

To the view that Henry George was mistaken in maintaining that land was "practically the sole source of wealth," let Mr Churchill himself reply in one of those speeches of his delivered thirty years after the ink was dry on the pages of *Progress and Poverty*—speeches that in Mr Churchill's own phrase and self-commendation lacked nothing in lucidity or reason. At Edinburgh, on 17th July, 1909, he said: "Land, which is a necessity of human existence, which is the original source of wealth, which is strictly limited in extent, which is fixed in geographical position—land, I say, differs from all other forms of property in these primary and fundamental conditions."

Begging the Question.—Neither is it true, as Mr Churchill insinuates, that Henry George has failed philosophically. It is not true that conclusions based upon study of the world up to his time require to be revised. If those conclusions were then correct, they are still correct. There has been no change in the laws of economic life, no change in the constitution of man or the universe since *Progress and Poverty* was written to vitiate its argument.

Does Mr Churchill in his new environment now assert that any wealth can be produced without the use of land? If so, we should be interested to hear of one single example. He skilfully begs the question by asserting that there are hundreds of ways of creating wealth which have no relation to the ownership of land. Henry George never asserted that the *ownership* of land was essential to the production of wealth; on the contrary, he pointed out that ownership of land was not essential but the use of it was.

Those Who Talk Nonsense.—Much notice has been taken of Mr Snowden's dictum in the debate on 7th June that "There are few things about which more nonsense has been talked than the burden of rates: rates in themselves are not a burden at all." The statement has been torn from its context and wholly misrepresented by Mr Churchill and Mr Baldwin, who made it a special object of attack, so as to throw a smoke-screen over their own erratic scheme for reducing the charges on certain ratepayers. They were discreetly silent about Mr Snowden's assertion made both on 6th and 7th June that it was not the amount of the rates which constituted the burden, but the wrong method of assessment and the unfair incidence of the rates. This view was again stated and amplified by Mr Snowden on 19th June in the Committee stage of the Rating and Valuation (Apportionment) Bill. He said:—

> Rates which are a payment for services rendered are not a burden either on the community or on industry provided that those who get the benefit pay in proportion to the benefits received. What is wrong in our rating system to-day and what constitutes the burden is the fact that rates are not fairly levied and that different districts pay disproportionately.

The question is thus solved in the levy of rates upon those who now receive and enjoy the value of land, for that is the index and measure of the services rendered by the local authority. The community would be taking the revenue that belongs to the community, and it is obviously nonsense to assert that in doing so it would inflict a burden either upon itself or on industry. Local taxation "as such" (words with which Mr Churchill tried to reproach Mr Snowden) can be the greatest relief and stimulus to building, production and development as Sydney, Brisbane and Wellington have proved, and many other towns and cities sane enough to impose their rates on land value.

A Duke's Protest.—The application of the Government's rate-relief proposals to Scotland is complicated by the fact that local taxation is now paid partly by the occupier of lands and premises and partly by the "owner," as he is defined in Scotland. Sir John Gilmour explained in the House of Commons on 7th June that both the occupiers and the owners who are now rated would get relief under the new scheme, but there would be a provision that half of the relief the owner receives shall be passed on to the occupier during the existing tenancy.

In this, the Government are making an immediate present to the owners leaving them to get the rest in due time, for there is nothing to prevent the owners appropriating the whole amount of both occupier and owner relief when new leases and arrangements are made. But the Duke of Montrose cannot wait so long. Speaking at Drymen on 12th June he demanded that the owner should get his full relief at once, and protested that the share allowed to the tenant was equivalent to a reduction in rent. The Duke accuses the Government of "political dodgery" for permitting the tenant to pocket, even temporarily, the benefit that really belongs to the landlord!

The Appeal to Selfishness and Cupidity.—In the debate in the House on 6th June, Mr Neville Chamberlain, Minister of Health, said:—

> There are certain ways in which, I think, the Government can give some assistance to agriculture and to industry. . . . These are ways which have been indicated by industrialists and agriculturists themselves as those which would be most helpful to them, and these are the ways which the Government have adopted.

That statement we put side by side with what Captain MacMillan, Conservative Member for Stockton, said in the same debate:—

> The right hon. Gentleman (Mr Snowden) says to the shopkeeper, to the distributor, to the householder, "You are not going to get relief from your rates, and you have good cause to 'grouse.' You ought to be very indignant with the Government because they are relieving all these great industries and are not giving you any relief." It is an attempt, as far as I can see, to appeal to selfishness and cupidity, but I believe that attempt will fail.

Apparently there is no objection to appealing to the "selfishness and cupidity" of "industrialists and agriculturists," while it is corrupt to consider the interests of the overcrowded and rack-rented working classes! The open admission that the Government have sought and acted upon advice from special interests as to "what would be most helpful to them" throws a luminous flashlight on the motive power behind the Bill.

The Bribe to Farmers.—How the Government are appealing to selfishness and cupidity and are out to buy votes is illustrated in startling fashion by the Carmarthen by-election. *The Times* of 28th June reports that the Conservative candidate, Sir Courtenay Mansel, issued on 27th June a final word to farmers, which pointed out that the contemplated remission of rates meant a saving to farmers in the County of Carmarthen of at least £68,113 a year. "Look up your receipt," he says, "for the amount you actually paid for agricultural land in rates for the last half-year, double it, and you will find for yourself what you save every year. There are individual farmers in the county who save over £200 every year. You save