

LAND VALUES

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"OUR POLICY"

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—*Henry George.*

THE HOPELESSNESS OF MR. BONAR LAW

We are indebted to Mr. Bonar Law (Chancellor of the Exchequer) for placing it beyond doubt (pp. 648, 668, and 669) that the present Government have no intention of levying any taxation upon land values. That conclusion emerges clearly from his cross-examination, on November 13th at question time, by Mr. Outhwaite and Commander Wedgwood. It is further evident, from his fear to give Mr. Dundas White, on November 20th, the estimated figures of site value which he admitted had been supplied to him. These significant passages have apparently passed unnoticed by the daily Press. Even the DAILY NEWS, usually so watchful in these matters, had no note of it. All the more necessary, therefore, is it for us to make known, by every means in our power, and especially to the brave men at the front, that the land for which they are fighting is not intended by this Government to be theirs to enjoy, but is still to be the monopoly of the privileged few. The Land Values Group in the House of Commons will take, we may be certain, the earliest opportunity allowed by the rules of procedure to raise a debate upon this most important of all after-the-war issues.

If there is one question—after victory—more urgent than any other, it is the question of paying for the war. What use have the people of the United Kingdom for a Chancellor who, at a time when we need every available million, throws away in advance an untapped source of revenue and a basis of taxation more equitable than any other? If Mr. Bonar Law had wished to line up all the men of thought and action behind the demand for the taxation of land values, he could hardly have chosen a better means of doing so.

"I have no hope," says Mr. Bonar Law, "of getting money by means of a land valuation." He confesses to a "lack of belief that money can be got from that source." Has he inquired, we wonder, what amount is drawn annually in ground rents, &c., by a single individual, from the constituency he represents? Does he not know that agricultural land has been steadily rising in value for the last seven years, and that in increasing ratio? Has he formed any idea of the

further addition now being made to its value by the operation of the Rent Production Act, for which he shares responsibility? Has he asked the Ministry of Munitions about the lightning rises in land value occurring wherever shell-factories have been started during the war, because the workers in those factories *must* live near by? It would be an interesting calculation to ascertain how much of the high (?) wages paid in these factories finds its way into the landlords' pockets. The municipal authorities could tell him of thousands of acres of vacant land, increasing fifty-fold in value from the growth and activities of the town to whose expenditure it contributes nothing. They could tell him also of the extortionate sums, far above market value, they have to pay for land required for public improvements; and the railway companies could get out an interesting return for him of the extent to which the cost of their lines has been swollen from the same cause. No income to be got from a source which has for generations maintained the privileged classes and their dependents by a steadily growing stream of wealth! The idea is an insult to our intelligence.

If Mr. Bonar Law does not know these things, he is guilty of the gravest neglect of his public duty. It is the business of Chancellors to explore all possible sources of revenue, to inquire into their fairness, and to estimate their yield. He has a numerous and efficient staff at his command who are able to supply him with this information. The fact is, as he has practically admitted, that he does know them—and fears to face them. Why did he decline to give Mr. Dundas White the provisional estimate of site value which had been given to him? It was an unworthy subterfuge, but it will not avail him much. Apparently he forgot, for the moment, that the Commissioners of Inland Revenue publish an annual report. From the one last published we find that the land of Great Britain officially valued up to 31st March, 1916, showed an aggregate total value of £5,267,784,055, and we understand there were then a few thousands of properties still to be valued. Moreover, total value excludes all "fixed charges," *i.e.*, chief rents, tithe, fee farm rents, and feu duties. In Scotland there must be a huge addition to be made on this account alone. No mineral values are included in the total value, which relates only to the surface land. In this way it becomes clear that the real aggregate will prove to be anything between six and seven thousand millions sterling!

How much of this gigantic total represents land value exclusive of improvements is, of course, a matter for the experts, but we shall be surprised if it is much less than half the aggregate, or, say, three thousand millions. The DAILY CHRONICLE in 1908 talked about a penny tax. After the war it must be at least sixpence. And sixpence on three thousand millions will produce a *revenue of 75 millions per annum*. That is the money that *can be got*, if Mr. Bonar Law has the courage to go for it.

One of his henchmen, who came to the rescue when the Chancellor was under fire from Mr. Outhwaite, suggested the Budget of 1909 as a ground for the "hopelessness." That is an old fallacy which we have repeatedly exposed. The Budget of 1909 did one great thing for us—it provided for the Valuation. And the Valuation is, to all intents and purposes, made, and ready for any use to which Parliament may decide to put it. No "hopeless" Chancellor can undo that great achievement.

But the Budget of 1909 did not tax land values. Increment Value, which it did tax, has been shown to include increase of land value only by accident, thanks to bad drafting and extraordinary decisions in the Courts. Reversion Duty is levied on a figure mainly composed of the value of improvements. Undeveloped Land Duty was so badly contrived that it let off all the valuable vacant land, and was otherwise so unjust in details that its levy had to be suspended. The simple, straightforward tax has never yet been tried; and in that Mr. Bonar Law has, did he but know it, the opportunity of succeeding where Mr. Lloyd George failed.

It is high time that British men and women began to think seriously of these things. The signs of the times portend a great industrial struggle on the heels of the destruction of the world's military machines. Already the party of privilege (which is not limited to the members of one political party) are laying plans for their campaign, in the columns of the *TIMES*, the *MORNING POST*, and the *EVENING NEWS*. Indeed, they have been active throughout the whole war. The political truce, to them, has meant merely the muzzling of their antagonists and greater freedom to pursue their especial aims, while the nation's attention is fully engaged elsewhere. Landowners, *qua* landowners, are practically the only people who decline to make sacrifices for their country in her hour of need. It is true that many of them have, as individuals, served with distinction in the war, have succoured the wounded, and helped to alleviate distress at home. But, with one or two possible exceptions, they have all the time insisted, even during the war, on the maintenance—and, indeed, the enlargement—of the unfair privileges they enjoy at the expense of the nation.

The Bill to facilitate the acquisition of land by Government Departments for defence purposes, as introduced by the Asquith Government, contained a provision that any enhancement in the value of adjacent land belonging to an owner, part of whose land was acquired, should be set off against the price to be paid. As Government works have been the means of sending up land values in their locality considerably, this was a very proper and necessary provision. The Bill also set up a single expert tribunal (the Railway and Canal Commission) to determine all disputed questions, and thus made possible a uniform standard of payment for property acquired. At once the party of privilege mobilised its forces, in both Houses, for attack, and before the Bill became law these salutary clauses had been struck out. Probably taking their line from this precedent, the Lloyd George Government, in their Petroleum Production Bill, proposed to confer on landowners the right to levy a royalty on a natural product which they did nothing whatever to bring into use, and to which, in fact, they had no title under the law as it stands. This, however, as our readers know, was too much even for the present depressed House of Commons; and, so far, the iniquitous proposal has been scotched.

But in view of this determined *pro*-landlord attitude of the Government there is all the more need for members of the Group in the Commons to be as vigilant as ever and for the organised movement outside to maintain and extend the agitation. Public demonstrations cannot very well be undertaken at this time; but Conferences composed of representatives from Local Rating Authorities, Trades Unions, Co-operative Societies, and kindred bodies are possible. During the

past eighteen months such meetings have been held by the United Committee and Associated Leagues at London, Manchester, Glasgow, Leeds, Darlington, Edinburgh and Cardiff. We have put on record the interest aroused and the measure of success achieved by this propaganda.

These representative gatherings are in some respects even more significant and of more weight than ordinary meetings. The circular letter and the accompanying literature convening a Conference goes to thousands of groups of workers in the district affected, who are keenly interested and concerned with the solution of social problems. In due course the Conference is held, resolutions adopted, conversations on the various aspects of the question take place and the delegates return to their respective centres with their report of the proceedings. But the good work does not stop there. In very many cases small district meetings are arranged where our speaker gets an evening to himself to state the case plainly to a new audience. Moreover, the arguments, the facts, and the illustrations are carried by awakened and active-minded spirits, into workshop, warehouse, and wherever their daily avocations call them. In these ways we can bring the question home to the workers. We can tell them how the cause has been betrayed, and successfully urge them to press its claims for recognition and support as a step of primary importance making for economic justice and freedom.

At the next general election, when for the first time adult suffrage will practically be in operation, let us see to it that land values taxation is made a foremost if not the foremost issue on which the recuperation of the nation depends. Already there are forces at work shaping the new alignments which this vast and far-reaching change will effect. The rank and file of the Liberal Party believe in the taxation of land values. We must do our utmost now to show to organised labour that with free land, free from the choking grip of the monopoliser, they can go fast and far on the road to industrial emancipation; and that without this vantage ground no good or enduring forward movement is possible. The widening of the franchise is at hand and the Labour Party are out for new and additional territory outside their own hitherto restricted area. We may very well leave it to them to judge that a considerable stretch of the ground they desire to take over is occupied by men and women who uphold and advocate our plan of campaign. If they would annex this new ground they must speak for and pay heed to the aspirations of the radical forces they seek to bring under their sway.

Mr. Bonar Law thinks, or says, there is no money for him as Chancellor of the Exchequer. Let him look into some of the speeches on the point delivered in recent years by his leader Mr. Lloyd George; and if these are not current coin let him study the Land Sales columns of the daily papers. This is a good enough reply to our would-be dull-minded Chancellor. All the people cannot be fooled all the time, more especially when the facts of the case as to how much money there is to be found in land values keep staring them in the face. As to how this source of revenue is to be tapped—well, as Mr. Lloyd George once asked, "What do they suppose we made the valuation for?" Longer headed men than Mr. Bonar Law have tried to belittle the land values question, but their spoken

words and their laboured question-begging essays have but added strength to the conviction that this is a gold mine for the tax-gatherer of a very real and decided quantity.

But what appeals to us and what the workers are beginning to realise is that there is much more in land values for them than money for the public purse. There is more "magic" in the economic or the incidental effect of the tax. Labour and land are the two primary factors in the production of wealth, and if the land is held as private property then it follows that the return to labour will be what is left when the rent of land is deducted from the gross produce. It is also true that land monopoly throws men into idleness, and idle men at the gate keep down the wages of those inside. This is the menace that keeps labour in chains, that is responsible for evil housing conditions, and which stands athwart every progressive movement. We must reveal to the people that the well-being and the very existence of the community depend upon freeing the land from the heavy hand of monopoly, and that the taxation of land values is the readiest and surest means to this end.

DEFINITIONS OF LAND-VALUE IN THE DOMINIONS

BY JAMES DUNDAS WHITE, LL.D., M.P.

In view of the progress of land-values legislation in some of the British Dominions Oversea, it may not be inappropriate to set out the definitions of "Improved Value" of land, "Unimproved Value" of land, and other kindred expressions which have been defined by statute in the various Dominions. In some cases the definitions, like the legislation, have undergone a gradual development, but it will be sufficient in each case to take them as they stand at present, in what appears to be the most convenient order.

Australian Commonwealth

In the Australian Commonwealth Land Tax Assessment Act, 1910-11 (see the Commonwealth Acts, vol. x, at p. 186) section 3 has these, among other, definitions:

"Improved Value," in relation to land, means the capital sum which the fee-simple of the land might be expected to realize if offered for sale on such reasonable terms and conditions as a bona fide seller would require.

"Unimproved Value," in relation to land, means the capital sum which the fee-simple of the land might be expected to realize if offered for sale on such reasonable terms and conditions as a bona fide seller would require, assuming that the improvements (if any) thereon or appertaining thereto and made or acquired by the owner or his predecessor in title had not been made.

"Value of Improvements," in relation to land, means the added value which the improvements give to the land at the date of valuation irrespective of the cost of the improvements.

New South Wales

In New South Wales the Valuation of Land Act, 1916, No. 2, contains in sections 5 and 6 definitions of "Improved Value" and "Unimproved Value," which are identical with those of the Commonwealth Act, except that there is a slight difference in the form of the introductory words, and that there is no "Value of Improvements" definition.

Queensland

In Queensland the Land Tax Act, 1915, No. 34, contains in section 3 definitions of "Improved Value," "Unimproved Value," and "Value of Improvements," which are identical with those in the Commonwealth Act, except that there is another slight difference in the form of the introductory words, and that the definition of the "Value of Improvements" is followed by this important proviso:

Provided that the added value shall in no case exceed the amount that should reasonably be involved in bringing the unimproved value of the land to its improved value as at the date of assessment.

West Australia

In West Australia the Land and Income Tax Assessment Act, 1907, contains in section 2 these definitions:

"Unimproved Value" means—(a) in respect of land granted in fee simple, the capital sum for which the fee simple of such land would sell under such reasonable conditions of sale as a bona fide seller would require assuming the actual improvements (if any) had not been made; and

[(b) and (c) relate to the special cases of lands held on special terms under the Land Act, 1908.]

"Improved Land" means land to which improvements within the meaning of this Act have been made.

"Improvements" includes houses and buildings, fencing, planting, roads made or macadamised by the owner, excavations for holding water, wells, pumps, windmills, and other apparatus for raising water, drains, ring-barking, clearing from timber, or scrub, or poison-plants, or noxious weeds, or laying down in grass or pasture, and any other improvements whatsoever, the benefit of which is unexhausted at the time of valuation, but does not include any railways or tramways constructed under any Act or any provisions thereof.

South Australia

In South Australia the Taxation Act, 1915, No. 1200, contains in section 4 this definition:

"Unimproved Value" of any land means the capital amount for which the fee simple of such land might be expected to sell if free from encumbrances, assuming the actual improvements (if any) thereon had not been made: Provided that in this definition the term "improvements" means houses and buildings, fixtures, or other building improvements of any kind whatsoever, fences, bridges, roads, tanks, wells, dams, fruit trees, bushes, shrubs, or other plants, whether planted or sown for trade or other purposes, draining of land, ring-barking, clearing from timber or scrub, or any other visible improvements, the benefit of which is unexhausted at the time of valuation.

Victoria

In Victoria the Land Tax Act, 1915, No. 2680 (Consolidated Statutes of Victoria, 1915, vol. iii, pp. 2524-6) contains in section 3 these, among other, definitions:

"Capital Value," or "Capital Improved Value," or "Improved Value" of land means the sum which the land, if unencumbered by any lease mortgage or other charge thereon, might be expected to realize at the time of valuation or assessment if offered for sale on such reasonable terms and conditions as a bona fide seller might in ordinary circumstances be expected to require:

* * *

"Improvements" on land mean all work actually done or material used thereon by the expenditure of capital or labour on or for the benefit of the land, nevertheless in so far only as the effect of such work or material used is to increase the value of the land, and the benefit thereof is unexhausted at the time of valuation or assessment, but does not include work done or material used on or for the benefit of land by the Crown or by any statutory public body, unless such work has been paid for by the