

LAND VALUATION AND TAXATION.

BEING A REVIEW OF

"TAXATION OF LAND VALUES AS IT AFFECTS LANDOWNERS AND OTHERS." BY JOHN ORR, M.A.

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The author purports to expose "the essential error" (p. 63) of Ricardo's theory of rent, and to "furnish an alternative and positive definition of rent consistent with the experience of business men" (p. 64). He refers to Henry George's teaching as a "proposal to put new wine into old bottles," which "it has always been difficult to defend" (p. 41). He offers reasons "why a Government valuation should be used to fix the terms on which men are to occupy land" (p. 35), including "the valuable land of London" (p. 51) as well as peasants' holdings in Ireland and Scotland. "Rents should be fixed by the Government valuation" (p. 36), "revised by a commission" (p. 39), and "thousands of commissions of enquiry of a more local and particular kind are likely to be rendered necessary."

In the author's opinion, "Mill's proposal to intercept the future increment would secure to the community more of the land value than Henry George's proposal to begin by the gradual appropriation of the values now received by landowners" (p. 102). The adoption of Mill's method is said to be "necessary if evils and difficulties in which we are now involved are to be avoided in future" (p. 102).

The author offers a "definition of the value of land," and a "correct interpretation of the effects of a tax on the value of land" (p. 11), which he says will remove "the greatest obstacle in the way of modern legislators" (p. 8), and will make the taxation of land values "appear the soundest business policy" (p. 17). Under his guidance legislators and landowners are to find it not so "very impracticable, and decidedly menacing to the landowners" (p. 8) as it has been represented by its "advocates and opponents," who "by their united efforts have succeeded in giving a large number of people good cause to cling to what appears to be a perfect vice in the economic system" (p. 3).

"Land taxers" are said by the author to "commit the double fallacy of begging the question and of arguing to the wrong point" (p. 16). "Politicians," we are told, "in matters of taxation frequently pass to the moral world for a principle on which to levy taxes. They introduce the test of fairness, and this misapplication of a moral standard to an economic subject leads to arbitrary impositions" (p. 98). "Taxation according to moral laws is like chemical experiments according to moral laws" (p. 99).

The Preface strikes the same note as the book itself. We are to have "a discussion marked by generous feeling," which "will bring clearness, for it will not unnecessarily disturb passions." The discussion will also be "marked by fearlessness," and "will carry the investigation far enough to reveal more of truth" (p. vii.). We are told that Locke and Turgot "advocated a single tax on land values, with no belief that such a tax would reduce the incomes of landlords" (p. i.), and apparently we are intended to infer that such advocacy and no-belief are adopted by the author as his own.*

* Turgot assumed that there was a natural or necessary rate of wages, depending on a natural law of population, according to which the wages of labour were kept at starvation limit—at the lowest rate at which workmen can live and will propagate. "In every sort of occupation it must come to pass" (Turgot, *SUR LA FORMATION ET DISTRIBUTION DES RICHESSES*, § VI.), "and in fact it does come to pass, that the wages of the artisan are limited to that which is necessary to procure him a subsistence. . . . He gains

This, taken in conjunction with the title of the book, indicates that the author's aim is to disarm the hostility of landowners as such—as receivers of land value—to the taxation of land values, and to make his readers believe that if all present and future national and local expenditure were raised by the taxation of land values, there would still be as much, or more, land value received by landowners—that they would for all time get as much money with as little exertion, risk or expenditure under a single tax on land values as they now get under the present system.

By way of supporting this thesis, the author first gives (p. 3) an extract from *THE TIMES* about the Australian Commonwealth Land Tax, written when the tax had been in operation for little more than a year, to which no serious importance can be attached; and then proceeds to set up and knock down a "commonly accepted theory" (p. 11), based on some hasty words of Lord Robson. In justice to Lord Robson it should be added that he said: "If time allowed I should be willing to deal with that question [why "all taxes should not be raised out of the land"], but in the five minutes at my disposal I would advance one objection." The objection was that land values would be insufficient to bear the rates, and it was based on suggestions which nobody but a partisan engaged in a few minutes' special pleading would think of putting forward, namely, (1) that the amount payable in rates by each property would be the same on the land value basis as under the present system; and (2) that the land value of any piece of land which would be available for the landowner and the Government if rates were levied on land value and the present rates were remitted, would be the amount which the landlord got as ground rent when letting the site subject to payment by the tenant of the old superseded rates!

But what is the author's answer to Lord Robson? According to the author (pp. 9 and 10), "there is a wider

nothing but his life (*Il ne gagne que sa vie*)." Turgot also assumed that there was something like a natural or necessary rate of profit. From these assumed premises he deduced logically the conclusion that the only net produce of the country disposable for taxation is the rent of land, and he argued that the landowners would pay less in the long run, if, being the owners of the only true surplus which exists, they would undertake to pay direct whatever taxes the King required, thus saving the cost of collection in detail and of the impediments which the tax-collector puts in the way of the free course of industry. It would have been more "fearless" and would have brought more "clearness" if the author had, while adopting the conclusion that the taxation of land values would not reduce the incomes of landlords, stated whether he also adopts the premises which are the sole foundation for the conclusion, one of which is that wages must remain at starvation limit. Readers may be interested to hear that the author believes that, whatever else may happen under the taxation of land values, the land monopolists will remain in clover; they would be still more interested to hear (though this might "unnecessarily disturb passions") that the reasoning of the book—the advocacy of the taxation of land values as a practical proposal—is based on the underlying assumption that by a necessary law in every sort of occupation the wages of the artisan must remain at the bare subsistence level. In an Appendix the author states that "the principle on which this book rests" was stated clearly and completely by Turgot, and he gives extracts from a letter of Turgot's, which he says "exhibits the principle perhaps in the clearest possible form." In that letter Turgot states one of his principles as follows:—"In the case of the workman's wages, the fundamental price is that which the workman's subsistence costs. . . . The workman must secure a certain profit to provide for accidents, to bring up his family. In a country where trade and industry are free and vigorous, competition fixes this profit at the lowest possible rate." This is the ground of Turgot's belief that the single tax would increase, rather than reduce, the incomes of landowners. Is it the ground of the belief of the author?

and more practical definition which treats the site value of any property as the ground-rent received by the landlord together with all rates and taxes paid by the occupier." This is the author's "definition of the value of land in its economic sense, the only sense which is of practical use for purposes of taxation" (p. 11).

According to this "definition," in Lord Robson's instance a property which is worth £50 a year, of which £10 is referable to the land and £40 to the building, and which pays £18 in rates under the present system has, the author tells us, "a site value for rating purposes" (on which the author proceeds to calculate its contribution under a system of site value rating) of £28—the ground-rent plus the amount paid in rates. The proportion borne by the land value and by the building value respectively to the value of the property as a whole suggests that it is situated in the suburbs where development is partial as yet. In the same road, there may be a number of plots as yet unbuilt on—larger, more accessible, more convenient and desirable in every way than the plot on which Lord Robson's house is built. These plots are still "ripening"—they will not be sold or let for building until a considerably higher price or rent can be obtained. Meanwhile a strip of land which eventually may be sold as three building plots is let for grazing, or as a tennis-court for the villa-residents in the houses further up the road, at a rent of £5, and pays £1 a year in rates. According to the author's definition, the site value of this piece of land for rating purposes—the value at which it should be assessed under a site value rating system—will be £6, as compared with £28 as the site value of the plot less than one-third of its size and less convenient and desirable in every way.

Or take two adjoining sites in a busy street, on one of which stands an obsolete, neglected, one-storey building, and on the other a commodious modern structure of five or six storeys. Such a case is not uncommon, and the amounts payable in rates under the present system may differ by £50. According to the author's definition that difference would re-appear in the "site values for rating purposes" of the two pieces of land.

Again, suppose two houses of equal structural value on two plots of equal area and advantage of position, the ground-rent and the present rates being the same in both cases. According to the author's "practical" definition, which makes the site value of any property depend on the taxes paid by the occupier, if (as may often happen) the occupier of one of the houses pays £50 in Income Tax and the occupier of the other pays £100, the site value of the second house will be £50 greater than the site value of the first. Further, if (as often happens to a business man) the income tax paid by an occupier one year differs by £50 from the Income Tax paid by him the year before, there will, according to the author, be a corresponding difference in the two years in "the value of the land in its economic sense, the only sense which is of practical importance for the purposes of taxation" (p. 11). We should also have to compare the habits of different householders as to their consumption of tea and cocoa, and of whiskey and cigars, and the habits in these respects of the same household in different years, as according to the author's definition the site value of the plot on which the house is built for each year will depend upon the amount of dutiable articles consumed by the family during the year.

It is difficult to believe that the author meant this suggestion to be taken seriously, but on p. 103 he re-states his proposal. "It is possible," he says, "to suggest how this principle may be adopted for raising all Imperial, as well as all local, revenue. In the case of rates, the amount which is paid in respect of any property—any house, office, factory, or farm—is known. This is part of the site value of that property. To prepare the assessment for rates, it would be necessary to ascertain the amount of the other part of

the site value which goes to the landowner, and add the two. In addition to this, there would be a sum representing the value of undeveloped and under-developed land within the rating area."

He defines the land value of "any property" "in its economic sense, the only sense which is of practical use for purposes of taxation," as "the ground-rent received by the landlord" or "the part of the site value which goes to the landowner," plus the amount of rates paid in respect of the property. But he goes on immediately to add, in his usual loose manner, that "in addition to this" "there would be" "a sum representing the value of undeveloped and under-developed land within the rating area." Now even if this vague "sum" represented only the value of unused land which pays no rates, the author would be introducing a new principle for arriving at the site value which is to serve as the "complete assessable basis" (p. 10). But the additional "sum" cannot be referable only to land which pays no rent and no rates under the present system. There are many properties which are "under-developed" but which pay rent and rates. In fact "under-developed" land can only mean land which has some occupation value and pays some rates at present. Therefore, if the sum representing the unrealised value of under-developed land is to be added (as the author says it must be added) to the total of the assessable site value of the rating area, this can only be done by adding it to the assessable site value of the various pieces of under-developed land—those properties in respect of which the author has already given his definition of their site value, namely, the total of the rent and rates paid in respect of them. The author measures the whole value first by one measure and then part of it by another measure and then apparently adds the two measurements together and substitutes the total of them for the previous measurement of the whole. And this is no unimportant matter; for, as the author insists elsewhere, there must be a large amount of under-developed land with a large unrealised value. On p. 107 he speaks of adding "millions to the wealth of the country by keeping people in active production."

On p. 105 the author takes "practical people" under his guidance, and points out "the road over which they are invited to travel." "The question," he says, "which these practical people ask, is: Are the land values of the country sufficient to meet the full demands of taxation? It is easily answered. The land values of the United Kingdom equal the rent received by landowners, plus the revenue of the Imperial Government, plus the revenue of the local authorities, plus the unrealised value of undeveloped land for which there is a demand." And if we turn back to p. 10, we shall find that there also the author first lays down absolutely that "the site value of any property is the ground-rent received by the landlord together with all rates and taxes paid by the occupier"; and then in the next paragraph he says: "With a rate on the value of all land, whether used or unused, contributions would be received in respect of subjects in the same rating area that are now unrated or under-rated." As the land value on which those subjects would make those extra contributions in the case of "a rate on the value of all land" would not be represented by the rent and rates they are now paying, that land value must be ascertained on some other principle. The "wider and more practical definition" by which the author pretends to "solve the problem presented by Lord Robson" and to expose the folly of "land taxers," and on which he would have us believe the rest of his economic theory and his practical proposals are based, had broken down at once by his own admission. This breakdown is slurred over on p. 10, but on p. 105 we find that the new principle to be applied in the numerous and important cases in which the author thinks the value of land is unrealised, is valuation

according to "demand"—irrespective of the actual payments being made, or not being made, in rent and rates.

This new principle cannot be combined with the old. In the case of a piece of "under-developed" "under-rated" land, you will have to disregard the actual rent and rates altogether, and estimate the land value by reference to demand simply. You can estimate that value on the basis of the land being subject to the rates and taxes payable in respect of it, or on the basis of its being free from all rates and taxes. But the amount of rent and rates paid in respect of the under-developed use will not be any guide to the value on the full use basis. The method of valuing according to demand cannot be combined with the method of calculating land value by reference to the actual rent and rates. The new method must in fact displace the old method altogether. For the new test must be applied from the beginning to all land, to enable you to judge whether it is undeveloped or under-developed. You can never accept existing rent and rates as a criterion of land value. You must always ascertain whether the land could be put to better use—whether there is some unrealised land value,—and this can only be done by estimating the value of the land according to demand. If you are going to have as the author assumes "a rate on the value of all land whether used or unused," you will have to apply the "demand" standard from the beginning everywhere.

It is difficult to believe that the author, after all the pains he has taken, did not know this.* Finding himself driven to the conclusion that his principle does not apply to the numerous and important cases of land which is "under-developed" and "under-rated," he might have asked himself whether it does not fail to apply in other cases also,—whether, indeed, it is ever true that the total of rent and rates actually paid under the present rating system affords a valid criterion of the land value which would be the assessable basis under a system of land values taxation—when you have "a rate on the value of all land whether used or unused." If in some cases that total is less, might it not in some cases be more, than the land value? In some cases the author admits that the landowner and the Government are now taking less than what he calls "the value of the land in its economic sense, the only sense which is of practical use for purposes of taxation"; perhaps in some cases they are taking more? This is indeed affirmed in so many words by the author in another part of his book.

* The author's language is carelessly slipshod, or intentionally inexact. On p. 10 he speaks of the "site value of any property as the ground-rent received by the landlord together with all rates and taxes paid by the occupier"; and on p. 103 he says that "to prepare the assessment for rates [on a land value basis], it would be necessary to ascertain the amount of the other part of the site value which goes to the landowner" and to add it to the amount of rates which is paid in respect of any property. But on p. 10 he repeats his statement in slightly different words: "To obtain a complete assessable basis for the purpose of local taxation [i.e., on a land value basis], it is only necessary for the assessors to add the present rates to the annual land value which can be realised by the landowners." Does "can be realised by the landowners" mean the same thing as "received by the landlord" and "goes to the landowner"? Does it mean the actual rent now paid, or the rent which is estimated to be obtainable on some principle of valuation according to demand? If it means the actual rent paid all the impossible absurdities follow which we have pointed out before. If it means estimated value according to demand, the author has demonstrated again his ability to give the same name to two different things on one and the same page. He has no sooner uttered than contradicted his definition. And the second substituted definition is just as absurd as the first. A method of valuing which attempts to combine in one calculation the present rates which depend on the actual use of the land with the estimated value of the land irrespective of actual use, must produce a nonsensical result.

"The Government and the landowner exact more than economic rent in the name of taxes and rent" (p. 70).

"So far as capitalists and labourers are concerned," says the author, "the two charges of taxation and rent are made in respect of the same thing. As producers, their prosperity depends entirely on their ability to keep the portion of wealth due to their own industry safe and intact against the inroads of Government and landowner. As often as these break through the line of demarcation between common earnings and individual earnings, the producing machine is injured, and every interest suffers. It may be the Government, or it may be the landowner, who commits the transgression, but the result is the same. So long as individuals share economic rent with the community, the latter may arrange how much this is to be, but, in the interests of every one, the policy of exacting more than economic rent in the name of taxes and rent should be stopped at once. This might be the statesman's immediate aim." And this—after we have been told that "the practical objection to the proposal is entirely removed" (p. 11) and that "legislators" will find their path cleared of its "greatest obstacle" (p. 8), if they will adopt the author's definition of "the value of land in its economic sense, the only sense which is of practical use for purposes of taxation" as "the ground-rent received by the landlord, together with all rates and taxes paid by the occupier," and treat this as "a complete assessable basis"!

While values other than land value are included in the assessment, and in varying proportions, it cannot be said that the total payments by the occupier represent land value, and certainly not that those payments represent what the land value would be when land values are taxed. In no circumstances, except under the single tax, would the total of rent, rates and taxes (or rather, as it would then be, the total of rates and taxes) be neither more nor less than land value—be equal to the full land value and nothing but land value. To say that those circumstances would be just and salutary and that therefore the single tax ought to be adopted, is a distinct proposition, the grounds of which will be considered later.

The confusion to which the author reduces the matter is seen by comparing p. 10 with p. 70. On p. 10 we are told that in Lord Robson's example the true site value for rating purposes is £28—the ground-rent plus the amount of the rates; and the following general statement is made: "This economic site value [of any property] is determined by what occupiers are prepared to pay in all these forms [ground-rent, rates and taxes] for the right to use the land. No matter how often the total charge is divided, they will pay the same amount; except that, where division of taxes is used as a means of oppressing them, and of reducing their wages, they will pay less." Contrast this with the statement on p. 31 that "Rents and prices above its economic value are frequently paid for land," and with the words already quoted from p. 70: "The Government and landowner exact more than economic rent in the name of taxes and rent."

The same sloppiness is shown in another statement about "economic rent." The author says, on p. 31:—"There is a thing called 'economic rent.' Economists who differ on almost every other point agree on this. They define this rent generally as that part of the produce from any undertaking which remains after their accustomed returns have been reserved to the capital and labour engaged in it, the part which is normally due to land. But no serious use is made of this knowledge. Rent and prices above its economic value are frequently paid for land."

"No serious use is made of this knowledge"! Of what knowledge? In this shuffle of words there is no "knowledge" of which any "serious use" could be made. Of the words "economic rent" only too much use is made by the author. In his book, not one "thing," but many "things" are "called economic rent."

In this passage the phrase "normally due to land," read with the words before it and the words after it, introduces the usual confusion and equivocation which runs through the book. "The part which is normally due to land" means in this "definition" the same thing as "the part which remains after their accustomed returns have been reserved to capital and labour." Stopping there, we have a statement that "economic rent" is that part of the produce which goes to the landowner (or, if the author pleases, the landowner and the collector of rates and taxes) after the capital and labour engaged in the undertaking have received their return according to the customary or normal standard.

In this definition the author at first appears to be in accord with "economists generally" in taking economic rent to represent the standard or normal value of land in any given circumstances. He seems to adopt the ordinary view that there is a standard or normal rent, which it is the function of economic science to determine.

So far, no doubt, "economists generally" are in agreement. Economics, as a science, is concerned to measure what actually goes in rent in any given circumstances—to ascertain what determines rent generally, and to find a formula by which it can be measured. Science traces connection between cause and effect, and it does this by bringing particular cases under general laws. Economics is a science of human action; and economic laws, properly so-called, are laws or general principles of human action. An economic law is a statement that a certain course may be expected under certain conditions from the members of a group; and that action is the *normal* action of the members of the group—the action which they take in the given circumstances according to the economic law. It is in this sense that economics is concerned with what *normally* takes place—what are normal wages and what is normal rent. Dealing with conditions as they are now, it asks what rent is normally paid, and why. It also inquires what would normally happen if conditions were altered. What it deals with is normal action in any given circumstances—action according to laws or general rules which enable us to connect cause and effect. It is as to the existence of economic rent in this sense that "economists generally" are agreed. This is the meaning which the author's definition of the thing called economic rent must have if it is to accord with the definition which economists generally give to it. It is also the meaning which it must have if the passage is to be consistent.

But if we read on, we find that the author has glided away from the above meaning. The phrase "normally due to land" is introduced as an equivocation, by which an illegitimate transition is made to a new meaning of "economic rent." We read (p. 31) that "rents and prices above its economic value are frequently paid for land." This agrees with the author's use of the words "economic rent" in the statements which we have previously quoted, as when he says that Government and landowner exact more than economic rent, and that "it might be the statesman's immediate aim to stop at once the policy of exacting more than economic rent." But it is inconsistent with the "definition" which he has just given of economic rent and attributed to "economists generally." Economic rent—"what is normally due to land"—must therefore now mean something different from economic rent as previously defined.

So we must find another meaning for "normal." It cannot now have the meaning which was required to make the passage consistent. This use of the word in two senses at the same time of course reduces the whole passage to nonsense. The second meaning which has to be given to the word "normal" signifies not the action which a group takes in certain circumstances according to general law, but such action as it is, in the author's opinion, desirable or right or just that they should take. It indi-

cates not some action which may be expected to be taken under given conditions, but action which ought to be taken—not a state of things which does exist or may be expected to exist in certain circumstances, but one which it should be the "statesman's aim" to establish—such a state of things as the author refers to elsewhere (p. 66) when he speaks of "using the land in a normal or proper manner." Economic rent thus comes to mean, not what is actually paid or may be expected to be actually paid in certain circumstances for land, but what ought to be paid. The author confuses the general laws which science finds to underlie actual occurrences—the general rules of action which enable us to connect cause and effect, which are expressed in the indicative mood, with ethical principles or precepts which prescribe in the imperative mood what ought to take place. He is guilty of this confusion when he complains of "no serious use" being made of the knowledge that there is a thing called "economic rent." The economic rent of which we have knowledge as normal is a distinct thing from the economic rent which on moral grounds we judge ought to be normal.

Economics as a science is concerned to determine what takes place normally and may be expected to take place normally under each particular set of circumstances. It seeks to discover what rent is paid, and why, under present circumstances, or what it may be inferred would be paid, and why, under different circumstances. But the question whether the present circumstances established by the laws of the State are just and desirable and ought to exist, or what other circumstances would be more desirable, would be just, and ought to exist, is a question not of economics but of morals—of that branch of morals which deals with public action, with the laws of the State, and which is called politics. Economic science can throw light on questions with which politics deals. It tells us about production and distribution under the present circumstances which are established by the laws of the State, and also what effect a change in the circumstances may be expected to have on production and distribution. Such economic knowledge is not a moral or political judgment as to what circumstances would be just and would produce fair conditions of production and distribution; but it is an indispensable aid to forming the moral or political judgment.

In the confusion of science and politics which the author creates by using "normal" in an equivocal way, we get neither a clear and consistent account of normal rent, nor any sound ethical or political principle to indicate what would be just conditions under which normal rent would also be fair rent.

It is only by using the words "economic rent" to mean sometimes normal rent (*i.e.*, the rent resulting in any given circumstances according to economic law) and sometimes fair rent (*i.e.*, the rent which would conform to moral requirements) that the author can make it appear for a moment that there is now available knowledge of economic rent of which "serious use could be made" to right the world by means of the Fair Rent Courts which he advocates. There is at present no knowledge available of what fair or just rent would be in the case of each piece of land. It cannot be known under present circumstances, in which, as the author says, sometimes more and sometimes less than the fair rent is being paid. The only way is to make circumstances just, and then fair rent will emerge as the actual rent paid.

The author tries to cover up his confusion of normal rent with fair rent, and his failure to show what change of circumstances must take place in order to make normal rent also fair rent, by asserting that there is knowledge of what he calls "economic rent," and that it is a principle of economic science, and not of morals or politics, that the payment of such "economic rent" ought to be enforced by the law of the State. The confusion is so patent that when the author attempts to justify it he is led into manifest

absurdities. "Taxation according to moral laws is like chemical experiments according to moral laws," he says on p. 99, "and the justification of science is that it makes such confusion impossible." But the author has not enough science to avoid making the confusion. Economics deals with the working of economic laws in the same way that chemistry deals with chemical laws. Science in both cases deals with normal action,—action according to law,—and enables us to say, on the assumption that similar causes normally produce similar effects, that such and such action takes place normally, or according to laws, and that such and such action may be expected to take place according to the same laws. That action, so far as science is concerned, is neither right nor wrong. A contortion of the limbs is the normal result of taking strychnine. In the same way, in the present economic conditions, the existence of a considerable supply of labour ready to make match-boxes at very low wages is normal. It is a normal result of the action which economic science studies. That it is deplorable and wrong, is a moral judgment. The scientific knowledge of physics is useful as enabling us to control physical conditions according to what is right; and in the same way the knowledge we derive from economic science is useful in enabling us to judge what will be the normal results in human affairs of economic conditions which can be legally established. One of the most important of those is taxation, and economics enlightens us as to its effects. But which effects are desirable or right it does not tell us; and to pretend that it does is to introduce the confusion which the author says it is the justification of science to make impossible.

The confusion is only avoided if the domain of science is properly observed. Taxation being a matter which directly affects human life, it is most important to have economic knowledge of its working; but it is also indispensable to have a sound moral or political judgment as to what is right and fair about it. It is therefore manifestly absurd for the author to blame politicians for going "to the moral world for a principle on which to levy taxes" (p. 98). The trouble is that they generally pay so little attention to moral principle. It is absurd to complain that "they introduce a test of fairness," and that this is a "misapplication of a moral standard to an economic subject." Those who stand out for moral principles of taxation are not guilty of any confusion or misapplication of standards. Economics teaches us how a system of taxation may be expected to operate; it is for morals or politics to say whether that operation is fair and right. Economics being concerned with men and not with atoms, economic subjects require the application of moral judgment more directly and constantly than chemical or physical subjects do, because in all human action the question arises whether it is right.

The paradox that in such matters as taxation and the economic conditions which determine rent and wages, we are not to use our moral judgment and shape conditions so that justice and fairness will result, is too fantastic for the author to maintain consistently. When he writes frankly, he slips into treating such questions in the ordinary sensible way as subjects for moral judgment, as questions of right and wrong in politics. Thus on p. 102 he says that "moral . . . considerations render Mill's proposals to intercept the future increment imperative as a first step to stop the growth of evils." In laying down that it should be "the statesman's aim" to stop the exactions of Government and landowner, he is of course "applying a moral standard." He is "going to the moral world for a principle" when he says on p. 99 that the efforts to increase the rewards of labour "should be redoubled." Then again we read on p. 34 that many of "the users of land are being treated with substantial injustice, that they are paying too much"; and on p. 70 we read of "the mischievous domination of Governments and landowners over producers," and on p. 69 that "it may be the Government or it may be the land-

owner, who commits the transgression." If we are all "in the power" of "the desire to obtain wealth," (p. 99), and ought to recognise that we are and acquiesce in its workings, what is the use or sense of crying out that we have got to change the laws of its working? All these absurdities and contradictions cannot be covered up by an equivocal use of the words "law" and "normal" and "economic rent" (confusing scientific laws with moral principles).

We have tried to clear up the confusion which results from the author using "economic rent" to signify (1) what is now paid for the use of land, (2) what would be paid under the taxation of land values, and (3) what it is right or proper should be paid—what it should be the statesman's aim to see is paid. The shifting definition which he gives, while designed to cover all these things in turn, in fact fits none. His phrase "economic rent" in trying to serve three purposes, serves none. His arguments and proposals are sometimes based on the three things being necessarily the same, sometimes on their being different, so different that it is the object of the book to prove the urgent necessity of making a transition from one to another and to show how that transition can be made. But the nature of the required transition is never made clear, because the distinction is not maintained. He makes a short cut from present conditions to fair conditions, not by showing how they are related and how one might be reached from the other, but by simply substituting one for the other in words.

No good grounds can be given for saying that the rent of land—"the value of land in its economic sense"—must always be the total of the sums paid by the occupier to the landowner and the Government. And certainly that total does not always represent the value of the land under the present system of taxation, which for the most part has little or no relation to land value. No good grounds can be given for saying that the normal rent of land, the normal land value, is necessarily the fair rent, the value which would be normal in just circumstances. It is not fair and just, simply because it is normal. And certainly the present normal rent is not fair—the present standard of land value is not such as would be normal in just circumstances.

But under the single tax, and in proportion as the system of taxation approximates to the single tax, the amount paid by the occupier for the right to use land will tend to be the whole land value and nothing but land value. And under the single tax, and in proportion as we approximate to it, normal rent will tend to be also fair rent, the rent which ought to be paid, the value of the land in just circumstances. The amount paid as rent or tax will be fair; it will be paid by the proper persons; and it will be paid to the public, to whom as a public fund it justly belongs. Single taxers give reasons why these results will follow from the tax, as a matter of economics; and reasons why the resulting conditions will be just, as a matter of ethics or politics.

The effect of the taxation of land values would be to bring supply and demand into such relation as to produce a just rent; and that rent representing public value and nothing but public value, ought to be paid as a public tax. Under the single tax, the tendency would be for all the more advantageous portions of land to be used to the full before recourse was had to the less advantageous portions. The result would be that a fair amount would be paid as rent for the use of land. The rent of any given piece of land depends on the degree of its superiority to the worst land in use; and since under the single tax no one would be forced to use less advantageous pieces before all the more advantageous pieces were fully used, the margin of use would be kept as high as possible, and consequently rent would be kept as low as possible, and would in each case be so much as, and no more than, each user of a more advantageous piece of land ought to pay in order to adjust

the rights of all in the common heritage, the land. This rent would form a public fund of which each individual would enjoy the benefit.

At the same time the return to each individual for his exertions in these circumstances would be as nearly as possible a fair reward, because it would be as nearly as possible the exact and whole product of the individual's exertions after paying the fair amount of rent. All possible opportunities for exertion being open on the fairest possible terms—i.e., subject to paying the minimum amount of rent which is compatible with the rights of others,—each individual would have the widest and freest possible market for his labour. He would be able to apply his exertions to the greatest possible advantage, and would not have to be content with less than those exertions would be worth if applied on the margin of cultivation, which would be kept as high as possible having regard to the natural limits of the quantity and quality of land, and the demand of the whole population for the use of land. Under the present system of taxation, the use of land is restricted, and opportunities for work and production are also restricted, so as to produce a residuum of unemployed. The unemployed, always ready to step into the shoes of the employed, tend to keep down the wages of employment below what is necessary or just. The resources of nature, the natural opportunities for work and production are such that employment might be indefinitely increased, and it would be so increased under the just system of the single tax, so as to absorb the residuum of unemployed. In that case there would be no cause left in operation which could reduce the wages of any employment below what the work was fairly worth—what it was worth in circumstances of free and equal exchange of value for value.

Under the single tax, therefore, the economic rent—the rent normally paid—would be a fair and proper rent. But that conclusion rests on the moral principles on which the single tax philosophy is based—which the author excludes as irrelevant to the questions of proper rent and taxation—namely that men have equal rights to the land, and that each should have the fullest liberty to produce wealth and should be entitled to get the full benefit of his production.

In order to arrive at this just state of things it is necessary to put those moral principles into practice in the sphere of human action under the guidance of economic science, which shows that from such taxation such results would follow. Economic science cannot now say what would be the exact amount of fair rent; but moral principles show the conditions under which, according to economic laws, fair rent would be paid.

We have therefore a right to speak of fair rent, as something which does not yet exist, but which we believe we can establish. The author does not believe in the moral principles, nor that the taxation of land values would bring about the result which we say moral principles require. He has no clear goal nor any practical way of reaching it. As we shall see, he attempts to build, on the ruins of his theory that people now pay "economic rent," a fantastic method of compelling them to pay it. The Valuer is to be the Pope, to lay down what ought to be paid—Valuation the oracle, which is to say how land should be used, what the total produce must be and how it must be divided. And the only thing to guide us is that will-o'-the-wisp, "a thing called economic rent."

Before resuming our pursuit of that elusive phantom, it will be well to try and clear up, even at the cost of repetition, some of the points relating to rent and taxes.

Rates being a charge upon the use of land, they tend, in part at any rate, notwithstanding rating laws and covenants in leases to the contrary effect, to settle upon landowners. But as they are not levied on the landowner according to land value, but on the occupier according to the value of his use, the incidence on land value is uncertain and irregular,

and the tendency to filter through to the landowner is delayed and partially counteracted.

According to the author, occupiers—perhaps half of the existing lease and agreement holders (p. 34)—pay too much in rent and rates, so that at present rent and rates eat into capital and labour, robbing and hindering them. There is no good ground for saying that if this excess ceased to be exacted, rent would rise by a similar amount. It is not true therefore that (as the author says on pp. 13 and 14) "when men are set free economically, when production is increased, and wages raised, a corresponding" (if by that the author means equivalent) "increase in the value of land must inevitably follow." It is not denied that people who occupy rateable premises have to pay a total sum, rent plus rates in respect of that occupation; or that rent is to some extent reduced because the occupier has to pay the rates. Nor is it denied that there is a limit to the exactions which labour and capital can bear, and that the present system stops expenditure and labour, and so restricts production.

As the author says on pp. 66, 67, "With restricted opportunities, the demand for employment and for land has made the workers and employers too willing to leave more than was due to the community to the landowners and Governments, to raise the value of land too high." "Too high" is vague, but probably both cases which it may cover are true: the cost of occupancy is sometimes so high as to be prohibitive; and sometimes so high that when it is paid, it trenches on the return to industry. The author asserts over and over again that such trenching takes place. He states that this excess is paid by the occupier. He gives no good ground for saying (as he does on p. 2) that "rent is reduced by the full amount of the taxes paid by tenants in any form." There is in fact no ground for saying that the remission of the rates and taxes which now press differentially against industry and development would necessarily involve a corresponding (an equivalent) increase of rent.

The question how far a tax is a deduction from the landowner's rent and how far its remission would go to the benefit of the landowner, depends on the character of the tax—whether or not it is levied in proportion to land value. The present rates and taxes on real property tend to become such a deduction—at any rate in so far as they are levied in respect of the value of the land. But inasmuch as they are levied on a subject into which land value enters only as one element and in widely varying proportions, the incidence on landowners is imperfect, and the amount by which landowners would benefit from their remission is uncertain.

Thus, if we were only considering what the effect of the mere removal of present rates would be, it would be uncertain how much the land value going to the landowners would rise, either in single cases or in the total. But rates are not going to be removed, but levied on a new basis. The new levy being in proportion to land value, irrespective of use or non-use of the land, a contrary tendency will operate. The author is himself aware of this tendency. On p. 69 he says that in the event of a "reduction of taxation," "rent will advance to absorb the amount of relief, if the relation between opportunities and the demand for them remains the same." There is much virtue in this "if."

As the author says on p. 13, "There has been a common impression that the value of land generally would be reduced under the imposition of a direct tax on all land." He dismisses this view as "unfounded." But the fact remains that taxation of land values by increasing the available supply of land in the market will make it cheaper. If land is now held unused, there can be no doubt as to the tendency of the tax to bring it into the market and cheapen it. That it is now held unused is strongly asserted by the author:—"The landowner shuts out the capitalist

and labourer from the land" (p. 70). "The alienation of capital and labour from land is largely due to the manner in which land has been controlled" (p. 28). "With the influence of this system at work separating labour and capital from land, there can be no settled prosperity for any class" (p. 30).

It is only when he wishes to argue that the taxation of land values will not reduce the incomes of landlords that the author slurs over the fact that the taxation of land values would bring more land into the market and so cheapen it. On p. 24 he makes a weak attempt to dismiss this truth again, as "another economic theory which is being rapidly undermined." "Owners now find that this [holding up land] is a mistake, and that it is much more profitable to let development proceed, and to move on with it." The only argument or evidence offered for this obviously untrue assertion is a quotation from CANADA of 27th May, 1911, that "speculative holders of real estate, who have been content to wait for a rise in value, find now that it does not pay to leave such property unproductive." It is the extreme of naïveté to take this statement that the speculators have gone out on the boom as evidence that the holding up of land no longer takes place.

It cannot be doubted that the increase of the available supply of land will tend to cheapen it. It is true also that the remission of rates and taxes which are now levied in respect of the use of land and make that use less profitable, will stimulate development and make the use of land more profitable. The remission of fines on use would be likely to lead to an increase of production. But the value of land would not increase unless there was additional competition for its use; and the more profitable use to which land could be put under the new conditions—the increased opportunities for the production of wealth—would not in itself involve an increased demand for land, but rather on the contrary would have an effect equivalent to that of an increased supply of land.

Even if the demand for land were to increase to such an extent that the value of land rose, under the Single Tax the whole increase would be taken for the public, so that the whole benefit would go to the community, and not to individual landowners. But even before the whole was taken for the public—even if some rent were left for private persons and accordingly some part of any increase in value might accrue to them—the whole benefit of the increase would not go to them. Any rise in the value of land would only come as an incident in the increase of production following on the widening of opportunities for profitable employment. Opportunities for employment being increased, wages would rise. The power of the landowners to deprive labour of the benefit of increased production depends upon the present monopoly conditions, which would be destroyed by the taxation of land values. Under the free conditions which would result from the taxation of land values, while the total produce might be increased, the proportion going as rent would tend to be less than it is under present conditions.

And apart from any increase in production, the remission of taxes which are now paid by the workers and not by the landowners will benefit the workers, if land values taxation is substituted for the remitted taxes, thus destroying the monopoly-power which might otherwise have enabled the landowners to secure the benefit of the remission by increasing their rents.

The benefit of the substitution of a tax on land values for such taxes as the tea and sugar duties, which are not paid by landowners or land-users as such, would go to the persons who now pay those duties, without any tendency to raise rents. The demand for land would remain the same; but the substituted tax on land values would have effect in cheapening land—an effect which would not be counteracted by any other tendency. The relief and the increase in prosperity would go to the people

who now pay those duties. There is no good ground for saying that rents would rise in consequence of the change. The substituted land value tax would not be shifted. It is only in so far as taxes are charged on the value of land that it can be said with any certainty that they come out of land values. When they are so charged, they will remain on the land value and will not be shifted on to any other value.

Uniform taxation on all land values and nothing but land values is therefore the sure, and the only, way to relieve industry. The first step in that direction is to eliminate all improvement value from assessment to the rates and taxes now charged on real property, and to value the land irrespective of its actual use or non-use, *i.e.*, to value it according to demand—value it at the price it would fetch as between a willing seller and a willing buyer. Taxation levied on that basis will have an important effect on the values which will be open to assessment. But to begin with, the value as it now exists must be taken. Taxation on the present value will produce its beneficial effects and tend to bring into existence fair land value. At the beginning at all events it will not matter much whether the assessable value is taken net or gross—whether the land is valued as subject to rates and taxes, or as free from them. The same amount would be required to be paid by landowners in either case, and the only difference would be that the rate in the £ would be higher on the net, and lower on the gross, value. The author's argument addressed to landowners showing that if only they pay on the gross they can pay very easily, will afford them very little comfort. As the amount of the taxation on land values is increased towards taking the whole land value, the gross annual value will no doubt have to be adopted as the basis, instead of (as under the Budget) the net capital or selling value, which will of course tend to disappear as the tax is increased. As the land values tax is increased, and other taxes are eliminated, it will be a comparatively simple matter to alter the basis to the gross annual value, *i.e.*, the amount which would be paid for the use of the land free of any imposition. The position will simplify itself as we approach the time when the various parasites now interested in land values will be eliminated, and the occupier in each case will be found in possession subject to paying the full annual value of the land to the State. That value will be the whole land value and nothing but land value. It will be the value which ought to be paid for the land, and it will be justly paid to the State as a public value; and the conditions which will then come into operation as between man and man will also be just and produce fair dealings.

When the taxation of land values comes into full operation, rent and wages will fix themselves justly. Each individual would obtain the most advantageous return for his exertions which natural circumstances and the just rights of others would allow. Fair rents and fair wages would be those which actually came into existence as the result of free choice and free bargain. Under present conditions—the absence of the taxation of land values and the consequent forcing of industry on to less advantageous land before the more advantageous has been fully utilised, the amount actually paid in periodic rent or in lump sums as the purchase price of land does not truly indicate the fair value which would arise under the conditions described above.

For the purposes of the valuation under the Budget, an estimate has to be made of what the land would fetch in the market to-day, under the present system of taxation, which puts a premium on its unproductive retention and penalties on its use. What is being attempted now by way of valuation is to make an estimate, by comparison of analogous cases, of the normal market value of each piece of land under present conditions.

While and so far as present conditions remain, the valuation cannot be taken to represent the fair value which would emerge under the just economic conditions referred to above. But in so far as taxation comes to be imposed exclusively on land value, the normal market rent will come to approximate more nearly to fair rent. Actual rents will, under the juster economic conditions, tend to find their level according to the fair value of land, and the discrepancy between current market value and fair value will tend to disappear as all land comes to be fully utilised. At the same time, as land comes to be more fully used, and the restrictions and penalties on industry are removed, wages will correspondingly tend to find their level as the fair and full return for exertions. When fair conditions prevail, labour will freely and naturally be applied to land so as to yield the greatest total produce, and that total produce will be divided in just proportions between rent and wages.

The author does not accept this method for arriving at what we and he agree is the desirable state of things, namely, the full utilisation of land at fair rent which would leave to the individual the fair return for his exertions. From despair of the possibility of getting land values taxation established, or from distrust of its efficacy to produce the desired result, the author urges that Valuation should be used by itself, apart from taxation, so as to produce the desired change. It is suggested by him that the change might be forced, by the Government compelling landlords to accept, and tenants to pay, as rent the amount of the valuation. It is suggested that bargaining such as exists at present should be superseded, and the attempt to secure free bargaining under just conditions should be abandoned; that rent and consequently wages and profits should not be left to find their own levels, but should be enforced by the Government. This rent is to be the author's favourite "economic rent" which is to be assessed by "official valuers" with the help of the neighbours who "have an accurate knowledge of the economic value of every farm, of every building site and of every mine in the neighbourhood." The official valuers are to "call these intelligent men together and elicit their knowledge about each holding." "The voluntary services of tenants and landowners at such meetings would speedily provide a complete and scientific valuation." "The Government's valuation is to be revised by a commission, and the result will be a sort of doubly distilled, communal product."

This "sort of product," which is to arise under this fantastic scheme, is introduced to our notice with strange sayings about "Valuation," designed apparently to wrap it in sacred mystery, so that we may bow down before it without questioning its miraculous powers. This "Valuation" is as elusive and has as many meanings as the "economic rent" which it is to reveal. It is to be "as flexible as water" (p. 51). As "there is a thing called economic rent," so it seems there is a thing called "Valuation." And just as economic rent means sometimes what men do normally pay, and sometimes what the author thinks they should pay, and the two meanings are mixed up, so Valuation sometimes means the ascertainment of what people do normally pay, and sometimes the determination by the author's Fair Rent Courts in some unexplained way of what the author thinks they should pay.

And these two meanings are mixed up in the raiment of science in the same way as before. An ethical basis for the enforcement of this economic rent is repudiated, and at the same time strongly insisted on. The author calls his own proposed valuation "scientific," and says it has nothing to do with morals. But he speaks of other valuations as "unjust" ("what is universally known to be an unjust valuation," p. 140)—from which it might be inferred he thinks his own valuation is to be distinguished as being just. "Because valuation in the hands of landlords had been irregular and unfair, it is assumed that it must always be so. Nothing is more erroneous. Valuation has

hitherto depended on the caprice or passions of men; it is possible to base it on their reason. By having the right to value conferred on them, landlords have been given motives to value from their own immediate point of view. Partial and one-sided valuations are inevitable" (p. 28). "For centuries valuation has been in the hands of landowners with its edge turned towards the tenants. It has cut and bitten deeply into their subsistence" (p. 30). They have made "ineffectual appeals against unjust valuation."

It is absurd enough to call the bargaining between landowner and tenant valuation. That such bargaining under present monopoly conditions is one-sided, and results in injustice, we do not deny. But that is not because there is any wrong valuation. The valuation—if it can be called valuation—is only too right. As the author says on pp. 66, 67: "The evil has been that with restricted opportunities, the demand for employment and for land has made the workers and employers too willing . . . to raise the value of land too high." Valuation must follow the demand in the circumstances. The injustice is in the circumstances, not in the valuation. The valuation, if it is to be right, and scientific, must register the effect of the demand. If it did otherwise it would be wrong, unscientific. It is the circumstances, the economic conditions, which are "unjust," "partial and one-sided," not the valuation. The circumstances must be made just, so that the bargain may not be unfair and one-sided, and then valuation will follow the altered conditions; but it is impossible for it to precede them, and register a fair value before the circumstances have established it.

What has made the conditions unfair, and the bargains one-sided is the monopoly power of withholding land from use. The inducement and power to withhold land would be removed by the taxation of land values and so also would "the excess of rent" (p. 28), "the fancy prices and rents" (p. 27), and the "rents and prices above its economic value" which "are frequently paid for land" (p. 31), which the author insists on so strongly, and which are caused by the restriction of the supply of land in the market.

To speak of the bargaining between landowner and land-user as it takes place at present as "a right to value conferred on landlords," and to speak of the bargain as a partial or one-sided valuation, and of "the landowner's policy" as "erratic," may be picturesque, but it is far-fetched and conveys no useful meaning. It is introduced apparently to give some colour to the ridiculous characterisation which the author proceeds to give of the taxation of land values. "Is there much cause," he asks (p. 28), "for wonder if this erratic policy has produced similar schemes as remedies? The temptation to engage in a sort of punitive expedition, armed with taxation as a weapon, is attractive, but it is not business, and no Government will seriously consider it." The suggestion that the taxation of land values would be partial and one-sided and erratic, or that it would be undertaken as a punitive expedition, is absurd, and in making such a suggestion the author hardly does himself justice. He knows very well that there is no method of taxation so impartial, uniform and just. It is also the only practical means of altering the present unjust conditions and allowing fair values to emerge. As to whether it is "business," as compared with the author's "scheme," the reader can judge.

That scheme is not business—is impracticable—because, while the inducement and power to withhold land has not been removed by land value taxation and consequently rents are excessive, it is impossible to estimate what is the fair value of land or enforce a fair rent; and because under just economic conditions (when the power of monopoly to withhold land and so to raise rents "too high" has been broken) it would be unnecessary to attempt such estimating and enforcing.

Even if by the Government Valuation an estimate could

be made of fair rent—assuming for the moment the theoretical possibility of such a thing—it is childish to suppose that people would consent to its being enforced as suggested—to its “being used to fix the terms on which men are to occupy land.” The picture presented by the author is of the official valuers accompanied by nine of the neighbours laying down, for the landowner and would-be land-user, what land should be used, how it should be used, what should be spent upon it, what return should be allowed on the outlay, what wages paid to persons employed on the land, what profit reserved for the occupier, and what rent should be paid to the landowner. “Strictly speaking, the valuation of land and of everything else is simply the valuation of labour” (p. 88). The author thinks “nothing promises better for the future” than the way in which the Government acted in the last coal strike establishing “thirty local boards or tribunals to value the labour of the miners.” That apparently is part of the task which will await the official valuers and their coadjutors under the author’s scheme. Each tenth person is to submit his affairs to the official valuer and his nine neighbours. They are to direct every detail of his business for him, tell him what to do, what to spend, and what to pay. Then he in turn is to become one of the nine, and join with the others in managing the affairs of another tenth person. Compared with this scheme, the famous plan of the Scilly Islanders of eking out an existence by taking in one another’s washing, appears extremely practical and businesslike.

But, further, there is not even a theoretical possibility of making such an estimate. The author’s proposal to use Valuation as a means of arriving at fair rent and fair wages has nothing to rest on. His attempts to explain how it is to be done show his usual want of consistency, and failure to grasp the notions he is dealing with. We have seen that according to the author the “economic value” of land is the total of what is actually paid by the occupier for the right to use the land, and also that according to the author “rents and prices above its economic value are frequently paid for land.” So that it will help us very little to be told that what the Government Valuers are to ascertain and enforce as rent is the “economic value” of the land. But we get nothing better or clearer. “The payment of economic rent and no more is an essential part of every man’s business” (p. 33). Serious use must be made of the knowledge about economic rent. The author cannot get beyond repeating this meaningless shibboleth. Valuation is to be “impartial,” “scientific,” but all this does not take us any nearer to understanding what the fair rent is to be, and how the valuers are to estimate it. The author can only go on repeating, that “economic rent” will be scientific, and that the valuation will be “based on reason” (p. 28), and be “flexible as water, responsive to every influence which affects the value of land.” But when we ask what is meant by this “economic rent,” his inspiration fails. When we ask for the standard by which the new scientific valuation will correct the present partial and one-sided bargaining based on present demand (which he also calls valuation), and correct the present injustices, hindrances and encroachments of which he complains so strongly, we get no light—except that “the valuation would wait obediently on the demand for land, and declare the value in strict accordance with the form and extent of this demand” (p. 34); that is to say, that the working of demand is to be corrected by applying the standard of demand!

We are told, indeed, that this “economic rent” is to be determined by “the general confidence of the community—the general sense of fair play and justice” (p. 39). These words are quoted from Mr. Lloyd George, and the author regards this as a discovery of the “scientific basis of valuation,” and says “the same principle should be adopted to determine the payment of land value by tenants, either to

the landlords or the State.” But these words are perfectly useless for the purpose, as they do not indicate in what principle of valuation the community has or should have confidence, or what are the requirements of fair play and justice in the general sense. It is the same loose talk which is commonly put forward by unthinking advocates of Fair Rent Courts. And of course Mr. Lloyd George when using these words did not lay down, or intend to lay down, any principle of valuation. The principle of valuation is settled by the Finance Act, the basis being the price which the land would fetch between a willing buyer and a willing seller—*i.e.*, normal market price. Mr. Lloyd George knew this of course; and he was referring not to the principle, but to the practice and methods of carrying it out, as to which it is of course desirable that there should be general confidence in its fairness and accuracy.

On p. 45 we are told that both in the case of the Government Valuation and in the case of the rents now fixed by landlords for their tenants, “competition is the basis, but for the Government Valuation there is a power of revision which expels the dangerous and unsound element.” But we look in vain for any indication of the standard according to which the revision is to take place, or what is the dangerous and unsound element which is to be expelled. It is true, of course, that valuation is an estimate according to the normal standard, and is not merely a record of the actual amount paid in any case. It follows the market rate, as previously explained. But such valuation, although correctly following the normal standard, will not represent “fair value,” if the conditions which produce the normal standard are unfair. In order to get fair rents the prevailing normal standard must be changed; and to do that economic conditions must be changed by taxation.

On p. 34 we are told that “the valuation would wait obediently on the demand for land and declare the value in strict accordance with the form and extent of this demand.” But that is exactly what the landlords now do, in fixing rents at their “unjust valuations”—against which the author says agriculture and house-building appeal in vain! (p. 40). We are told that present rents, which are fixed according to demand, are unjust, erratic, unscientific, and must be altered by impartial scientific valuation; but that valuation itself has nothing to guide it but the same demand which has produced the errors and injustices. And that is how it must indeed be guided, if it is to be valuation at all. Whether the standard of rent produced by competition is fair or not, valuation must register it, if it is to be correct valuation—not the actual amount paid in any single transaction, but the normal standard, the market rate. That standard will differ according as conditions are just or not. The injustice will be found not in the ups and downs of individual cases, which must be allowed for in any valuation, and would occur whatever the normal standard may be, but in the normal standard which is determined by the conditions. The “excess of the highest bids over economic value” due to “ambition and young hopefulness, misguided by inexperience and pushed by individual motives” (p. 44), do not seriously affect the normal standard or its fairness or unfairness. In valuation according to any standard they would be allowed for, and it is not necessary or desirable to establish Fair Rent Courts to prevent them.

The fact is that the author is trying to make valuation according to demand mean, not according to actual demand in given circumstances, but according to what he thinks should be the demand. According to him valuation is to settle what he thinks anyone should pay for the land in each case, and what anyone should get for his exertions. This cannot be done by any valuation of land as commonly understood, and involves valuing everything. The problem is made so gigantic as to stun us, but if we keep our heads we must see that the author has no principle to offer on which

it is to be made, except "the general sense of fair play," which does not take us an inch further.

On p. 46 the author makes an unconvincing attempt to answer "some reformers" who "argue that the economic value of land cannot be ascertained to-day, that a fair rent cannot be fixed, because land is withheld from use, and economic conditions are generally unsound." His answer is that "the elements of economic science are never destroyed by a breach of economic laws, any more than the elements of physics are destroyed in a railway collision, or in the fall of a building." This is nonsense. The economic laws which describe and bring under general rules economic transactions can no more be broken than the physical laws which describe and bring under general rules the motions of matter. Valuers have to trace the action of those laws whatever they may be. If under unjust conditions the laws produce unjust transactions,—unfair rent,—the valuation must recognise and register those results, just as the physicist must recognise the fall of a building as a fact to which his laws must be applicable. "Experienced valuers," says the author, "can measure the demand for land, and its worth in money, to-day as accurately as they ever will measure it" (p. 46). Certainly; but whether to-day, to-morrow, or ever, they must measure it according to the given economic conditions. It is not the valuer's business to dictate rents and prices, but rather to deduce normal standards from the innumerable rents and prices fixed in the market under existing conditions.

The author goes on to point out (p. 46) that the demand is now less than it would be under free conditions, but he can give no clear idea of the way in which he suggests that the valuers should allow for the "restrictions on the use of land which obstruct the free course of demand," and so get a "simple and absolutely certain measurement." He neglects the effect which the taxation of land values would have in increasing the available supply of land, although on p. 44 he has mentioned that "one remedy for this evil is a tax on land values, to open up all land, and reduce the number of competitors for every opportunity." On this point he misrepresents (on p. 36) "the interpretation of the taxation of land values by some exponents." He tells us that according to these unnamed "exponents" the taxation of land values "is to be the taxation of the highest bids or offers. They believe that these offers represent the actual values of land, and they propose not only to use them as the basis of taxation, but suggest that they should continue to be the amounts payable as rent." It is true that the market value of land as it exists to-day is the only thing that can be valued, and that it is proposed to tax that value. But the suggestion made by the author is that single taxers think that value the fair value, and that the result of their system will be to perpetuate rent at that standard. No doubt a beginning must be made in the transition from unfair to fair conditions. But as we have explained before, the effect of the tax will be to bring values to a different level, which will be the fair level. The tax will operate to bring all the better pieces of land into full use, and so produce a fair standard of rent. This cannot be done by valuation; it must be done by taxation actually altering the conditions the effect of which is registered in valuation. Actual rents as they exist to-day, or even a general standardising of rents according to current values, cannot be accepted as fair or just. Our aim is to alter the present standard of rent.

We do not deny the existence of certain special hardships where in particular cases rents have been fixed at a time when different rates prevailed and owing to changes of circumstances are higher than the normal rate for the time being. The leasehold system is one of the bad features of our land system, and it would disappear under the taxation of land values, but it is more than doubtful whether the general abrogation of leases, which the author appears to advocate on pp. 50 and 51, is the most hopeful remedy.

We are not concerned simply to fight the battle of the leaseholder against the freeholder. We are concerned to establish free conditions under which all men may have a chance of obtaining land on just terms and be able to reap the full fruits of their labour. We do not desire to abrogate and supersede all contracts, but to eliminate the conditions which now force people into unfair contracts. We stand for the right of the community to absorb the whole rent of land as a public fund, and we do not think it either desirable or straightforward to rest the case for the single tax on any alleged benefit which might result from it to landowners as such. The only safe and sound ground to rest it on is that of equal justice for all men, which will require the destruction of unjust privileges and the loss of money and power to those who now enjoy those privileges. It is better to rest our case on those grounds in appealing to all men, including those who now enjoy and derive benefit from those unjust privileges.

H. B. English, Rhodes Scholar in Oxford, from Nebraska, U.S.A., writes to THE PUBLIC (October 18th, 1912) on the political situation in Great Britain as follows:—

Free trade and land reform are pretty well bound up together now in England. Free trade has made England enormously wealthy; a system of land tenure comparable only to that of such enlightened countries as Mexico and Russia has gathered that wealth in the hands of the few. To-day the land question is almost the only one which excites the English electorate.

Unless the Liberal Party adopts some comprehensive scheme for Land Reform, the Tories, knowing well the value of such a war cry, are going to advance their plan. One can easily imagine how effective a land reform the land-owning aristocracy will bring forward! But by talking of housing, city improvement and a lot of details, and parading themselves as the real friends of the workmen, they may well becloud the issue and win.

One shudders to think of the condition of England with her abominable system of land tenure and a high protective tariff. Either is bad; both would be insufferable.

* * *

An Oxford correspondent writes: "It is amazing the ignorance and prejudice people display up here with regard to the Taxation of Land Values. Liberals are as bad as the Tories. The phrase 'Single Tax' has caught on, and is used as a bogey, in the same way as the word 'Socialism' was used a few years back. To most people it connotes nothing, but they do not hesitate to fling it in your face as soon as you raise the question of Land Values Taxation, as though it constituted a complete and utter annihilation of your position."

* * *

Speaking recently at Madill, Oklahoma, Senator Owen offered to answer any questions germane to the subject of his address. At its close one of his audience asked him: "Senator, do you believe that tariff taxation is the best method for raising revenue for the general government?" "No!" came the emphatic reply. "What, then, in your judgment, is the best method of raising this revenue?" The Senator paused for a moment and then said: "There was a man sent from God, and his name was Henry George."

* * *

I believe that no one has a moral right to land because he has bought it, and paid for it, any more than the slaveholder has a moral right to the man, woman or child he has bought and paid for; because no one can have a moral right to sell the land which belongs equally to all, or the man, woman or child whose persons, liberty and labour belong to themselves.—EDWIN BURGESS (1859-60).