

## BOOK REVIEW.

### THE GREAT BUDGET.

MR. JOHN M. ROBERTSON, M.P., ON THE SINGLE TAX.

The Land Clauses of the Budget of 1909 revived the falling fortunes of the Liberal Party, for they gave the people renewed assurance that the Liberals were determined seriously to tackle social problems. Since the introduction of the Budget they have looked in vain for a careful exposition and justification of the Land Taxes and the Valuation from official Liberal sources. At last, some twelve months after the passing of the Finance Act, we have received a long pamphlet, of some 64 closely printed pages, on the subject. It is issued, price 3d., by the Liberal Publication Department and bears the imposing and attractive title "The Great Budget: A Justification, Explanation and Examination of the Taxes on Land Values," by J. M. Robertson, M.P. Here, we thought, is what we have been waiting for, but we have been sadly disappointed. Mr. Robertson has taught many to regard himself as a lucid, conscientious, and well-informed writer, but we certainly think this pamphlet will not enhance that reputation. He has not made himself conversant with his subject. He has attached no importance to consistency in argument, nor to clearness of statement.

Seeking to justify the novel methods adopted by the Budget, Mr. Robertson devotes Part I. of the pamphlet to the discovery and establishment of a just basis of taxation with which the new taxes ought to be in harmony. He has recourse to what he terms Adam Smith and J. S. Mill's cardinal principle that taxation should aim at equality of sacrifice. From this he somewhat rashly concludes that "we cannot better apply the test of justice (in taxation) than in the formula of equality of sacrifice." But as his own good sense tells him that there is no measure of sacrifice by which you can determine the relative contributions to be demanded of a man earning, say a pound, and a man receiving an unearned income of a thousand pounds a week, Mr. Robertson escapes the difficulty by performing a feat of mental gymnastics and transforming equality of sacrifice into power to pay. And, hastily discarding his accepted "test of justice," he continues in the very next sentence—"clearly men should be taxed with regard to their power to pay." This may simplify matters in Mr. Robertson's mind, but it in no way solves the problem he has himself raised.

As we have repeatedly emphasised in these columns, to tax men with regard to their power or ability to pay is no principle at all. It cannot serve as any test of justice in taxation or as any guide to the citizens of a self-governing community who are desirous of establishing, not a system of legalised robbery, but a system of raising the necessary public revenues that shall bear equitably upon all. To tax men according to their power to pay is to penalise them, to appropriate what belongs to them, and to discourage their industry, ability and thrift.

As Mr. Fredk. Verinder well says in his "Just Basis of Taxation":—

The principle must be abandoned by anyone in search of a really just basis for taxation. The theory has never been logically carried out except by certain despotic Governments (mostly Oriental). Isaac of York and other mediæval Jews probably heard all that was to be said in favour of it. Robin Hood and Captain Kidd certainly acted upon it. The mere fact that one man has more wealth than another does not justify the State in taking away part of his property, provided he came by it honestly, save in those cases of supreme need in which the State admittedly has the right to call upon its members to

Spare neither land nor gold  
Nor son nor wife, nor limb nor life

for the common salvation.

The true and cardinal principle of taxation is that each citizen should contribute to the needs of the community in exact proportion to the benefits which he receives from the community in which he lives. The accurate measure of these benefits is the value of land which is created and maintained by the community. The Taxation of Land Values is the only system of taxation which harmonises with justice.

Our charge that Mr. Robertson is inconsistent and not conversant with his subject is proved in the following passage in his pamphlet which we take leave to quote fully:—

"Posterity, indeed, will probably be struck by the essential moderation of the Budget of 1910. It has not put in operation any of the more 'advanced' principles of land taxes; and herein the Chancellor of the Exchequer has shown his financial

prudence. He has not only given no countenance to the doctrine of "the single tax"; he has not attempted to impose the annual tax of 1d. in the £ on the capital value of all land, which was the standing minimum in the demands of the single-tax school. He doubtless reasoned that such a tax would constitute a departure from the principle of equality of sacrifice, inasmuch as it would specially tax, not a form of unearned increment, but a form of property, irrespective of the economic gain derived or expected from it. Land Values are obviously a proper basis for rating as compared with houses and machinery; but an annual State tax on all land, as against an income tax, is another matter. Under an equal annual tax on all Land Values, gardens and lawns would in some degree be discouraged; and the mere holder of land, receiving from it no rent and looking for no unearned increment, would pay a tax not paid by the holder of stocks and shares. The receiver of ground rent, again, would be taxed, while the receiver of pure house rent would not.

"The weak point in the single tax doctrine, as commonly expounded, is that it treats minerals (including clay and stone as well as ores) as *products* of the land, like corn, and wood, when they are really *removed parts* of the land. If the theory were consistently applied, they would be treated as subject to tax in perpetuity for the non-made and irreplaceable element in them, as distinct from the added element of manufacture, just as the site value of the land is valued separately from the "improvements" which make farm soil a manufactured article. On the single-tax theory, the farmer is not free to remove any irreplaceable element in the soil; but brick and stone and iron, the main ingredients in houses, are so removed, though irreplaceable. The "rent" paid for the power to extract them ought not, on the logical basis of the single-tax theory, to give the power to appropriate them. The ordinary single-taxer, whether he admits it or not, makes here a compromise for practical reasons.

"But if the Chancellor of the Exchequer were to follow him, he would be laid open to new criticism. A fiscal system which should not merely tax unearned increment and insist on the community's right to control the use of land by fiscal means, but also progressively tax all landholding as such while taxing no other form of capital investment, would raise new moral issues which could not readily be solved. The fact that land is limited in quantity and inextensible on demand would not here be a valid principle of differentiation. Of course, as already urged, other inextensible forms of property—such as first editions, Old Masters, rare postage stamps—are *practically* untaxable, inasmuch as they could and would be exported to evade the tax; and this would so far be a valid answer if the single-taxer chose to make it. But the single-taxer does not recognise the analogy at all. He recognises only one form of property that is not created by the owner and limited in quantity. His most valid formula of differentiation is here, of course, the further mark: "essential to the existence of the community;" but there he breaks down over the analogy of minerals, in which he allows untaxed private property without pleading the mere impracticability of taxing them. Indeed, he could not argue that the houses would be liable to be exported if they were taxed on the score of the uncreated, inextensible, necessary, and irreplaceable element in the brick, stone, and metal. Thus his single-tax theory is not the flawless theorem he supposes it to be."

We wonder where Mr. Robertson has acquired his extraordinary conception of the Single Tax doctrine. His language is altogether unintelligible. It looks as if Mr. Robertson had classed minerals as "land," and had further confused "land" with "land value." The Single Tax doctrine does not make any such distinctions as are in Mr. Robertson's mind. It would appropriate the rent of all land for public purposes, and the tax on Land Values would fall on all land in proportion to its value, that is, according to the amount the occupier is willing to pay for the use of it. This is true, whatever is obtained from the land, whether minerals or wood or corn or any other article men need to gratify their desires.

On a previous page Mr. Robertson points out that his political opponents objected to the increment tax as a means of raising national revenues while admitting it was a fair source of local revenues. This to him is "political absurdity," for if the tax is justified for local purposes, it is justified for national purposes. Is that true only of the increment tax, and must other taxes be tried by different tests? In the passage we have quoted, and elsewhere in the pamphlet, Mr. Robertson argues sincerely for the rating of Land Values and the exemption of houses from assessment. Although he would not care to have it said, he is quite a thorough-going "Single Taxer" in the

realm of local finance. He would be very impatient, we think, if anyone contended that the rating of Land Values would tax only one form of property, would discourage gardens and lawns, or that it is objectionable because it would exempt holders of stocks and shares and receivers of pure ground rent, while penalising the mere holder of land and the receiver of ground rent. These are the objections preferred against the tax on Land Values, and if they were true they should surely apply with equal force to the rate on Land Values.

Landholding is not a form of "capital investment." The investment of capital is the provision of the tools, the implements and the machines that are required in wealth production, but he who holds land only to derive a rent from it performs no useful function in society. He is a drone living on the labour of others. Mr. Robertson need not warn us about the "moral issues." They were raised long ago and no one can to-day deal with the question of taxation without appealing to the principles of right and wrong and opening up the whole subject of the ethics of private property.

The analogy of old pictures and rare postage stamps is just one of those legal quibbles that have so often been made use of by defenders of landlordism. It is to be granted that there are some few articles for which a fancy price can be obtained, but their value is no more due to the community than the value of every article is due to the community. And if they have a monopoly value it is essentially for sentimental reasons. They are almost invariably desired by one section of the community—by those whose superfluous riches are due to the inequality that we protest against. The possession of a valuable picture by an individual deprives no one of the right to live, nor does it cause poverty and unemployment, but the ownership of land is the root of all social wrong, because it gives some the power of appropriating, day by day, and year by year, a large portion of the wealth produced by others.

There is only one thing more astonishing in Mr. Robertson's views on the "unearned increment," and on the "Single Tax doctrine"—views by the way which have been well worn by the Socialists these past twenty years in their opposition to Land Values Taxation, and which have been taken up with even greater vigour by the Tory party since the advent of the Great Budget—and that is, that such curious views on the subject should be put out at this time of day by the Liberal Publication Department. It only shows the need for education on Land Values among the official Liberals of the south. Years before Mr. Lloyd George's Budget appeared, the Scottish Liberal Association were quite beyond publishing Mr. Robertson's pamphlet, and if he had gone with it to the officials of the Scottish Liberal Association, they would have taken him in hand, gently but firmly, and offered him some very necessary instruction on the Land Values question.

#### A Swiss Village without Rates, Taxes, Poverty or Crime.

The DAILY CHRONICLE of November 2nd contained particulars concerning the Swiss village of Burtigny where no rates and taxes are levied on the inhabitants. After paying its debts, which amount to between £140 and £150 a year, the surplus of about £10 is divided among the oldest inhabitants.

The village owns forests, vineyards, and tracts of fertile land, as well as cattle. The villagers possess in common their own water service and reservoir, a café, wine-presses, public fountain and weighing machine, a baker's and butcher's shop and a dairy.

Everything is sold at cost price, and the surplus stock is sent to the markets in the vicinity. Very little money exchanges hands. Most of the necessities of life are paid for in kind and by labour.

When the vintage takes place each family receives so much wine, and the remainder is sold to "outsiders." The same system prevails when the timber is cut every year. There are no "poor" villagers. If a member of the community becomes ill or old and unable to work, he or she receives food and lodging free.

Each inhabitant is content to work hard for the common good. Crime is unknown. The village sends few but splendid young men to do their service in the Federal Army.

"The private ownership of land, as we have it now, is sure to cease when the pressure for its use becomes strong enough."—Charles Worth in THE SOUTHERNER.

## CORRESPONDENCE.

To the Editor of LAND VALUES.

DEAR SIR,—Is not your comment upon the circular letter issued by the Co-operative Permanent Building Society, to which you have given publicity on page 164 of this month's issue of LAND VALUES, somewhat misplaced? May I suggest that upon a less hasty reading it will be seen that there is *no suggestion that Land Taxation or Form IV. is inimical to Building Society work or interests.*

The intention desired to be conveyed, if badly expressed, is that "the fierce and confusing controversies" were, among other things, inimical to our work. This perhaps you will permit us to re-assert, without again provoking your accusation of blind prejudice and conservatism.

Whether justifiable or not, there can be no denying the fact that clients have been scared, that valuations have been affected, and business hindered by physical, as well as mental difficulties arising from this particular legislation.

The practical daily experiences of the effect of this and similar reforms, bring forcibly to one's knowledge the difference between the actual and the theoretical working out of such schemes.

Nevertheless while only too painfully alive to the disadvantages, one can still adhere to one's belief in the right principles underlying Land Valuation and Taxation, and I am sure you will be pleased to recognise that so far from displaying "prejudice" or "conservatism" on these matters, the Co-operative Permanent Building Society (and incidentally the writer of the circular letter in question) has in the very report (page 170) to which you refer its officials, as well as in other directions (see enclosures) expressed its ultimate belief in the benefits to be derived from the reform you so impetuously advocate.—Yours truly,

ARTHUR WEBB, Secretary.  
Co-operative Permanent Building Society.

22, Red Lion Square, W.C.  
Jan. 3rd, 1911.

(NOTE.—We suggest that the circular letter from which we quoted and upon which we commented, gives the impression of hostility to Land Taxation and Form IV. We are pleased to note, however, that Mr. Webb and his society have "ultimate belief in the benefits to be derived from the reform we so impetuously advocate." This being so, surely it is not inimical to the interests of the Society that a controversy should take place, however "fierce and confusing," out of which is obtained some measure working towards the reform which is to benefit building societies. We should also like to point out that the scaring of clients and the physical and mental difficulties Mr. Webb refers to were a result, not so much of legislation, as of the bogus agitation engineered and fostered by such bodies as the Land Union. Mr. Lloyd George amply proved this in his interview with the representatives of co-operate societies which we reported last month. It was to his report we referred the Co-operative Permanent Building Society.—Ed. L.V.)

#### A Partial Judge on the Finance Act.

According to the BLACKPOOL TIMES of January 11th, a prominent county court judge made the statement at Preston on the previous day that "There is not the slightest doubt that property such as the property at St. Annes and Blackpool has depreciated enormously during the last 18 months, and will continue, probably, to depreciate because we cannot tell what the ultimate effect of the Finance Act will be."

The TIMES was not convinced and made inquiries amongst business and professional men in the town who know land and property values at first hand, and failed to find a single supporter of the judge's statement. One solicitor said: "If we are to judge by the property we are selling at the present time, the Finance Act has not made the slightest difference."

We are in full agreement with the view expressed by the TIMES that probably the judge has dwelt so much upon his political theory, that depreciation would be the sequence, that he has grown to believe it is the fact.