

LAND VALUES

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"OUR POLICY"

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

THE BUDGET AND LAND VALUES

The recent Budget follows its predecessors in imposing further burdens on trade and industry. The bulk of the revenue, as one of its commentators observed with unconscious irony, is derived from familiar sources. Food taxes, which were long ago marked down for abolition, have not only been maintained, but have been increased to produce twice or thrice their yield in peace time. They have been supplemented by harassing duties, expensive to collect, unjust in incidence, and harmful in effect. Within a year indirect taxation, thought to be an evil peculiar to Protectionist countries, has been increased by roughly 42½ millions; prices of the articles taxed have been raised by a corresponding or greater amount, and to that extent wages and earnings have been diminished. The reduction in the income tax limit, the inclusion of weekly wages, and the subsequent increases in the rate of tax, which now commences at 2s. 3d. in the £, make a heavy demand on many who will find that and other public burdens most difficult to meet. It is certain also that a large part of the tax on higher incomes, whether earned or unearned, falls not on those who are the immediate payers, but is shifted on to the shoulders of others in higher prices and higher rents. There can be no dispute that such is the incidence wherever the income tax is assessed on buildings, and in that respect Schedule A imposes precisely the same kind of tariff on improvements as do the local rates.

We are not so much concerned, however, with what the Budget has done as with what it fails to do. Continued resort to the "familiar sources of revenue" is another word for continued reaction, and expresses eloquently enough the refusal of the Government to put an end to the absolute exemption of privilege and monopoly from taxation. There was before the war an

insistent demand for the taxation of land values, a demand which had placed in the House of Commons a majority pledged to the reform, not alone as a fiscal measure, but also as an effective remedy for great abuses in the tenure of land and for the social wrongs that arose out of those abuses. Nothing has happened to remove the need for reform; on the contrary, the circumstances of the war, and the conditions that are sure to supervene when it comes to a close, have made it all the more urgent and imperative. Yet at the very time when the greatest sacrifices of life and treasure are demanded, and when everything should be done to make the best possible use of national resources, the Government permits production to be hampered by land monopoly and by a tribute of hundreds of millions paid yearly in rent; it ignores the opportunity to take for the community a value that the community itself creates, the one source of revenue that could be richly drawn upon without imposing any burden on industry. And it could be drawn upon immediately, for there can be no excuse that the plan is difficult or impracticable. Nothing stands in the way except the blank refusal on the part of the Government itself to touch the value of land as a specific object of taxation. The Land Values Group in the House of Commons have repeatedly demonstrated the justice and expediency of the proposal, and shown how easily and quickly it could be adopted by making use of the existing machinery established in the 1909 Budget valuations. A willing and determined Government would not have required such promptings from its own supporters or the help of such obvious advice.

The case has once more been clearly and explicitly put in the statement recently issued by the United Committee which, in repudiating the abortive land value duties as any instalment of the taxation of land values, offers a straightforward scheme for providing a practical definition of land value, and obtaining a proper assessment with the help of all the information the land valuation department has already collected. The national tax on the land value so ascertained could be imposed at once and could produce its revenues within the financial year. The defects of the existing valuation, its confusion, the delay in its completion, and the fact that it is out of date, can be rectified by a resort to methods that were originally contemplated in the Budget of 1909, and ought never to have been abandoned. Owners should be called upon, wherever the particulars are lacking, to declare what they think is the value of their land; the department would be in a position to check these valuations and to make forthwith any valuation in default of returns. Valuations made could be subject to right of objection and appeal, but

no objection should be allowed where the person interested has not returned his estimate of the land value. It cannot be questioned that this would speedily settle the valuation problem such as it is, and could give no ground for complaint.

The scheme put forward by the Committee allows for the tax already imposed under Schedule A of the Income Tax, which, in so far as it falls on the site and not on the improvements, is a tax on land values. In this way the land value which is now charged either nothing or less than its full share, because the owner withholds his land from full use and is to that extent exempt from Income Tax, would be brought under contribution without inflicting a double burden on the owners of land value where the property is fully improved.

The vacant sites in our cities and the land held in speculation in every part of the country at high prices, out of all relation to the rateable value, are notorious examples of the unjust incidence of taxation. The scandal is revealed almost daily in the experience of municipalities, builders, and all who attempt to buy or rent land in order to put it to better use; but no exposure could be more complete than the Official White Paper, No. 119 of 1913, compiled by the Local Government Board. There it is shown that in 1076 Urban Districts in England and Wales, with a total area of 3,884,139 acres, no less than 2,533,035 acres are rated as "agricultural land." The rates paid on the land rated as agricultural amount to only £400,689, out of a total rate burden of £35,429,301. These figures indicate clearly enough where untapped sources of revenue lie, for much of the land thus exempted is agricultural only in name, and is used temporarily for less productive purposes, while owners are waiting for the needs and growth of the community to pay the highest price the monopoly in land can exact.

The arguments for the proposals we press on the Government and the House of Commons are unanswerable. As the United Committee declares in its manifesto:

"If there is one class that cannot make good any claim to escape fair contribution, it is that of the landowners who hold land which they are neither using nor allowing anyone else to use. The man who holds land out of use or only puts it to partial use is vetoing all the production which would be possible if labour and capital had access to that land on fair terms, and, by helping to maintain an artificial scarcity of land, he is increasing the price of it, and so worsening the conditions upon which labour and capital may obtain access to any land. In these days it is not only fair

but urgent for economic reasons that all landowners should be taxed alike on the true value of the land they hold. The great need now is, and will be in the years to come, to open up every source of wealth and to increase production in all possible ways, in order to maintain our economic position during the war, and to repair the waste afterwards. The taxation of land values is the surest means to this end, as it would tend to bring into full use land which, in the absence of such taxation, landowners are encouraged to under-use or keep out of use altogether. For the above reason it is urgent at once to take the necessary administrative and legislative steps to secure the taxation of land values." A.W.M.

DENMARK

New Valuation of Land

On November 9th, 1915, in the Danish Lower House, the Chancellor of the Exchequer introduced legislation amending the 1903 Property Tax Law. The first clause of the Bill provides that "a general valuation for property tax must be undertaken in 1916. In respect of this valuation the valuers must ascertain the value of the land, the land as it is without buildings, according to situation and according to the best economic use to which it could be put. Further instructions for valuation will be issued by the Chancellor of the Exchequer at a later date."

The Bill received Parliamentary sanction on the 21st of December, 1915.

In passing the above-mentioned Bill the Danish Government has met the claim and the need for absolute and official clearness as to the extent and distribution of land values in Denmark. This claim has been raised again and again by our friends and co-workers in Denmark, and we must cordially congratulate them upon this signal triumph of their efforts towards our common goal. We hope to give further reports of this recent Danish legislation in our next issue.

The 12th. Walking up a long hill, to ease my mare, I was joined by a poor woman, who complained of the times, and that it was a sad country; demanding her reasons, she said her husband had but a morsel of land, one cow, and a poor little horse, yet they had a *franchar* (42 lb.) of wheat, and three chickens, to pay as a quit-rent to one Seigneur; and four *franchar* of oats, one chicken and 1/2. to pay to another, besides very heavy *tailles* and other taxes. She had seven children, and the cow's milk helped to make the soup. But why, instead of a horse, do you not keep another cow? Oh, her husband, could not carry his produce so well without a horse; and asses are little used in the country. It was said, at present, that *something was to be done by some great folks for such poor ones, but she did not know who nor how*, but God send us better, *car les tailles et les droits nous ecrasent*. This woman, at no great distance, might have been taken for sixty or seventy, her figure was so bent, and her face so furrowed and hardened by labour,—but she said she was only twenty-eight. An Englishman who has not travelled, cannot imagine the figure made by infinitely the greater part of the countrywomen in France; it speaks at the first sight, hard and severe labour: I am inclined to think, that they work harder than the men, and this, united with the more miserable labour of bringing a new race of slaves into the world, destroys absolutely all symmetry of person and every feminine appearance. To what are we to attribute this difference in the manners of the lower people in the two kingdoms? TO GOVERNMENT.—A. Young's TRAVELS IN FRANCE, 1787-9.