



## LAND & LIBERTY

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### PARLIAMENT AND THE LAW OF RENT

The English Local Government Bill passed its Third Reading in the House of Commons on 18th February. Sir Kingsley Wood, who wound up the debate for the Government, said the title disguised the Bill; it was not a sufficient indication of the scope and vision of the Measure and of its far-reaching benefits. We make the Minister a present of the scope and vision. The disguise, as far as the benefits are concerned, was rudely stripped from this legislation by the Lord Advocate a few days later when he spoke during the Committee stage of the Scottish Local Government Bill, which has the same scope and vision and the same defective title. The House had from him the frank admission, if not the emphatic statement, that the relief it is proposed to give by way of reducing local taxation will raise the value of land and benefit the landowner.

What helped the Lord Advocate in reading this lecture to the House was the different system of collecting the rates in Scotland. Owners and occupiers in Scotland both contribute to the local revenue and now both are to be relieved under the Bill. There is a special provision, however, which takes existing leases into account and binds the owner in such cases for the next seven years to give the occupier (the tenant) half the share of owners' relief if the land is agricultural and the whole of the relief if the land is occupied by factories and workshops. This concession enforced upon owners bound to tenants by a lease is only of limited duration. It has evoked loud protest on the side of the landlord element, which has to wait fully seven years before it can enter into its own in freedom to make new contracts with tenants. But that by the way. On the other side objection has been made that the owners should get any relief whatever and the question was tested when the Clause dealing with agricultural land was discussed. We report the debate elsewhere in our

columns. An amendment was moved to take the owners' relief out of the Bill. It was defeated after the Lord Advocate had explained that it would deprive agriculture in Scotland of a benefit equal to that being given in England where occupiers are the only ratepayers and are now to be wholly relieved. Accordingly, by this statement, relief to occupiers and benefits to landowners come to the same thing. It does not matter which way rates are reduced by the subsidy from the Treasury. The land is raised in price because its value is no longer taxed. The Lord Advocate put it in his own words:—

"I do not want to argue at length the question of whether a benefit like this ultimately comes to the landlord or not. My humble view is that it certainly does. The landlord or owner of the property is the only person with whom the property permanently remains. Obviously the tenant, who is a temporary person, cannot carry it away with him."

It is a refreshing admission to come from the Government Benches, where so much has been spoken to the contrary. The Lord Advocate having given away the case that this de-rating Measure is simply a gift to the landowner, tried to recover his ground with the quibbling suggestion that while the relief to the occupier finds its way into the landowner's pocket, the relief to the owner which reduces his share of rates will "enable the land to be let at a reasonable rent"—in fact, that the tenant will offer and the owner will take less rent because the owner is exempt from the taxation he formerly paid.

Let us look further into the question. Rent is not fixed by the wishes or the ability of either owner or tenant. It is the difference obtained on any land over what can be got on the least productive land in use with equal application of labour and capital. The landholder takes that rent wherever the State or the municipality permits him to do so and the community loses the public revenue that goes into his pocket. As a result, industry must bear the burden. The de-rating scheme of the Government works out in that way. It removes altogether £35,452,000 a year from landed property and transfers the same amount to the consumer to be borne in increased prices and increased costs of living. It brings no relief to farmer and manufacturer and no relief to the general ratepayer because the benefit depends ultimately upon the value of land. Where that is high, because the land is well situated or offers other superior advantage, the subsidy from the Treasury is large; where the value of land is low the subsidy is small and the taxes levied to make it up exceed any relief that farmer or manufacturer or ratepayer is told to expect. This deception is being exposed day by day. The schoolmaster has not been abroad in vain. Common experience supports the Lord Advocate in showing that the law of rent commands obedience, and it is useless for Parliament to try to overrule it. Where the relief is greater than the share of petrol and other taxes charged upon the produce of any land or any industry, the benefit raises land value and tenants bargain badly who

think the owner should lease the land for less on that account. In all other cases it will be for the producer to compete with his more fortunate neighbour in passing on the new charges to the consumer and failing that to go out of business altogether.

The Government is engaged in a wild scheme of tax-plunder which shifts the burden on industry and the working population to force up higher the speculative price of land. This partial and selective de-rating plan is not a reform of the rating system for that is left entirely unchanged. Vacant land is not assessed and rateable value is based, as it has been heretofore, on the rent obtainable for the land and premises in their existing condition. The beneficial reform long overdue is to take rates and taxes off all buildings and improvements, whether of houses or shops or offices or mines or farms or factories, and to obtain public revenue instead from the value of land, whether used or not. What the Government has done is not to reform but to deform the rating system with the proceeds of a petrol tariff and other indirect taxation, aggravating the evils of the present rating system in the protection it gives to land monopoly.

To return to the debate in the House of Commons: two more amendments were moved in the attempt to secure for the occupier the benefit of the rate-relief. Those who stood for the interest of Scottish occupiers contended that the owner's share of relief, which he has to pass on to the occupier for seven years, should be made permanent. The proposal was riddled by the Lord Advocate, who quoted very effectively the argument of Sir A. Sinclair that the whole benefit of rating relief will go, must go, over a course of years, and by the operation of the economic law of rent, to the benefit of one partner in the agricultural industry—that is, to the owner of the land. And the Lord Advocate applied the same argument to the rate relief for factories and workshops, making it clear that when leases between landlord and tenant came to an end—

Both would know, if the Amendment went through, that there was a perpetual obligation on the landlord to hand over his share of the relief in rates to the tenant. Is it suggested that that is not going to be taken into account in fixing the rent? Then what is the use of doing it?

The case for the financial provisions of the Bill that they will help the farmer and manufacturer, that they will increase employment and promote industry has been destroyed by the chief law officer of Scotland. What is true of the Scottish Bill is true of the English Bill. The argument for this legislation has been shattered in the house of its friends, and no amount of casuistry can put it together again.

Its economic effects—until it is repealed, as it should be at the first opportunity—will be seen in more unemployment and harder times all round. Its disaster to agriculture is that the land is now locked more securely against the would-be cultivator. The Acts passed by the present Government to buy land for small holdings and allotments with public money, to give farmers cheap loans to become

proprietors, to subsidize the growing of sugar beet, to drain the land at public expense, to make the taxpayer build and repair cottages on land privately owned—all these Acts have set up a new level of rent which stands as an impassable barrier in the way of employment. These schemes to benefit the landowners by spending of public money are rendered more deadly effective by the new Act now being passed to consecrate the benefit as a tax-free privilege, so closing the gates to employment at both ends of the road. The machinery for levying tribute on the people is as perfect as it ever was in the history of this country, except that the Conservatives would give the next turn to the screw by more and more protective tariffs to raise prices in the interest of certain favoured manufacturers.

In these circumstances, with the General Election close at hand and unemployment as the dominant issue, it becomes more and more apparent that what is wanted for agricultural, industrial and national development is a Budget tax on land values and the sweeping away of safeguarding duties and all other tariff taxes that hamper and restrict trade and industry at every turn.

A. W. M.

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*The above quotations are from PROTECTION OR FREE TRADE by Henry George. The new abridged edition of this masterpiece is announced to be ready early in April. Price 6d. per copy. See page 50.*

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