

LAND VALUES

Twenty-third Year. (Established June, 1894)

Monthly 1d. By Post 2s. per annum.
(United States and Canada, 50 cents.)**Editorial Offices:****The United Committee for the Taxation
of Land Values,
11, Tothill Street, London, S.W.**

Telegrams: "Eulav, Vic, London."

Telephone: Victoria 7323.

*All communications to be addressed to the Editor.***"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.*

SCHEMES OF RECONSTRUCTION

It is we hope one of the portents of Peace that public attention is being devoted with growing interest to the vital issues affecting the commercial and industrial outlook, and generally to what are called after-the-war problems. A multitude of committees under Cabinet, Parliamentary, and private auspices are inquiring into what should be done to restore the normal business of the nation, and if possible improve the conditions under which it has been conducted. The discussion provoked by these inquiries is of enormous importance, and as it is prosecuted, it will inevitably renew all the latent but not forgotten domestic controversies which must divide opinion on fundamental questions of economic and social policy. We need not deceive ourselves with the thought that we shall awaken into any new world where war has created a better political atmosphere and persuaded partisans to compromise their differences. There are too many bottom principles at stake. The discussion of the means to find room in the field of productive industry for the armies of sailors, soldiers and munition workers will bring us back to no new problem; we shall only be debating more keenly than ever, and possibly before a greater audience, the causes that always have been responsible for low wages, unemployment, overcrowding, and land famine. In this agitation we shall arrive at the truth in proportion as we recognise the part played by land monopoly and unjust taxation, and are prepared to denounce the idea that the power to exact rent for the common heritage, the land, is a rightful object of private property to be bought, sold, compensated, and trafficked in the market. The remedy which will establish the equitable distribution of wealth now or at any time, and make freely available all the opportunities for its production, involves the overthrow of the greatest and most powerful vested interest; and it will assuredly rally all its forces under the attack. There can be no compromise in a struggle of this kind and we have therefore to face the fact that after the War, as before it, freedom and monopoly will be definitely ranged against one another, with privilege as determined as ever to retain and increase its hold on the lives and destinies of the people.

Investigation into social conditions, however complex or exceptional they may be, can arrive at no satisfactory conclusion if it sets out on the assumption that private property in land must enjoy the same security as property in other things, that it must be compensated before any change in occupancy can take place, and subsidised if it is to produce more. It will be interesting, therefore, to watch the activities and useful to examine the credentials of the numerous bodies that have undertaken to advise the country and suggest legislation. We doubt if many of them will even throw out a hint that a policy is needed to relieve industry of its burdens and remove the obstacles in the way of access to land for housing, farming, or any form of employment. We shall more probably find proposals for agrarian and industrial fiscal protection and for every variety of already well-tried and bankrupt palliatives to give State assistance by the money-for-social-reform method.

The drift to reaction in finance, international trade, and land policy is already well-marked. The issues are clearly distinguished in regard to each. The enormous war debt that lays the bulk of the people under tribute to a few brings the right and wrong methods of raising public revenue more than ever into conflict. A wide extension of indirect taxation looms ahead. It has its more powerful advocates among the great financial interests who, as they have lent most of the money, believe that they are entitled in this way to get repayment; and recent Budgets have so far admitted their case by increasing the burden on wages through numerous vexatious Customs and Excise duties. The tariff reform crusade has been encouraged by the resolutions of the Paris Economic Conference, and the cause of Free Trade has to make the more determined fight to destroy the menace of rings and trusts, and high prices in a protected market.

The future in front of land reform, and the mistake of looking to any changed or contrite attitude on the part of the landed interests, were abundantly revealed in the recent debates in Parliament on two Bills making provision for the purchase of land for specific purposes. One of these, the Small Holdings Colonies Bill, is a frank announcement to the people that, monopoly prices being the accepted standard for any transfer of land, all hope of revolutionising the conditions of land tenure on the countryside must be abandoned. The Bill is the outcome of recommendations made by a Departmental Committee on the Settlement and Employment of Sailors and Soldiers on the Land, appointed by Lord Selbourne when President of the Board of Agriculture, and it was all they could see their way to propose in the way of settlement. The vast majority of returning sailors and soldiers who wish to go on the land must seek employment as agricultural labourers, because the cost and difficulty of acquiring and equipping the land they have been fighting for prohibit their having access to it as independent men! So runs the report of the Committee. Parliament has acted in the spirit of these recommendations and has agreed to make the experiment of buying land at £40 per acre and settling some 300 or 400 ex-Service men in co-operative holdings.

The further suggestion made by the Committee is that, an agricultural labourer's life being the only destiny of the disbanded forces if they are to cultivate the land, there must be a "change in agricultural

policy" to enable farmers to pay higher wages and encourage them to increase the acreage of arable land—and the change is a reversion to the days of the Corn Law. We must return to the system of bonuses, bounties, fixed prices for wheat and protective tariffs. The Committee have much to say about the millions of acres that have gone out of cultivation but it is nowhere suggested that the laying down of land to grass was part of the policy to keep wages low, or that a deserted countryside and badly farmed fields are the result of conscious neglect on the part of those who now own and occupy the land. The agricultural depression is attributed to one cause alone, the fall in prices, and so the Committee record their conviction that "no large amount of new capital or labour can be attracted to the soil unless the farmer has some security in the future for more stable prices for his chief products than have prevailed in the past 40 years." For special pleading and an absolute disregard of the facts of the case we doubt if there is any document extant in tariff reform or pro-landlord literature to compare with this report, but it is an eloquent illustration of the use to which public inquiries can be put in disguising the truth. An honest investigation would at least have reviewed other explanations of the failure to make better use of the land—the burden of taxation, the penalties preventing the ploughing-up of grass, the withholding of land, and all the other notorious operations of land monopoly. The Committee were not out however to assist in any such revelations nor were they concerned to point out the most obvious effects of their own policy, that all their doles would stiffen the price of land, make a present of many millions of pounds to the landowners, and keep still more land out of cultivation.

These are some of the developments which show the trend of politics and the issues that confront us. It is one of the dangers of the situation that popular opinion which ought to have the first and last say on matters of such importance, is deprived of control over the schemes thus being prepared in advance. Affairs are largely in the hands of the bureaucrats, and it is the bureaucratic idea of reconstruction and re-settlement that is likely to predominate. If in their schemes the bureaucrats have done nothing to disturb the power of monopoly and are rather prepared to concede more to its claims, so much the worse for the schemes and those responsible for them. Future conditions will not be so easily settled after that fashion. The new cut-and-dried world made on these lines would have to be taken to pieces and built all over again.

A. W. M.

TRANSVAAL

Site Value Taxation in Johannesburg

At a special meeting of the Johannesburg Municipal Council on 14th June the Finance Committee recommended that an amount of £360,000 for the twelve months from July 1st, 1916, to June 30th, 1917, be raised by means of the following assessment rates:—(1) An original rate of one penny (1d.) in the pound (£1) on the site value of the land within the Municipality, as appearing in the valuation roll. (2) An additional rate of threepence (3d.) in the

pound (£1) on the site value of the land within the Municipality, as appearing in the valuation roll, and on the value of improvements used for residential purposes or for purposes not incidental to mining operations, on land held under a licence or any other mining title to dig or prospect for precious metals and precious stones, or base metals. (3) A rate of one penny and three farthings (1½d.) in the pound (£1) on the value of improvements as appearing in the valuation roll, excluding the improvements specified in the foregoing subsection (2).

Further evidence of the effects of the reform in rating in Johannesburg was produced at the meeting of the Witwatersrand Township Estate and Finance Corporation, Ltd., held on 14th June last in Johannesburg. Mr. Julius Jeppe, the chairman of the company, in addressing the shareholders, referred to the rating of land values and said:—

As you are aware, the chief income of your concern is derived from stand licences and rents, which produce about £24,000—of the £29,044—shown in the balance-sheet as "revenue from licences, rents, interest, dividends and profits from property." If you turn to the debit, side of the profit and loss account you will notice that in addition to the Government royalty, we paid last year to the Johannesburg Municipality a sum of over £3,900 for rates and taxes. This obviously heavy tax on our business we have been accustomed to pay for many years past, and have not grumbled at it, but the new Rating Ordinance which was passed by the Provincial Council some months ago, and has since become law, has the effect of immediately increasing the rates by a considerable amount with an almost certainty of a further increase of about £5,000 per annum in two years' time. It would be beating the air to denounce the injustice and inequity of this additional tax against which all township owners protested in vain. Naturally, when this Ordinance became law your directors considered the whole position of the company, and came to the conclusion that it would be necessary to make a re-valuation of your properties. It appeared to us that the only way of arriving at a correct valuation would be by testing the public demand for stands. We did this by offering by auction, after fully advertising in the local papers, a number of picked stands in each of our townships, and the result of that sale proved that there was absolutely no demand for vacant stands. Your directors, chiefly because of this conclusive evidence of fall in land values, felt it imperative, after making provision for £10,000 paid as dividend No. 18 and £500 in the creation of a contingent reserve against bad and doubtful debts, to utilise in writing down your assets (as recorded in detail on the balance sheet) the available balance then remaining at the credit of appropriation account as well as the amount of £13,711, which we have transferred from share premium account. Although I warned shareholders in previous years, this enormous shrinkage in the value of our assets must naturally come as a great blow to them, but the directors considered it necessary that you should be acquainted with the true position. It is impossible to foretell what further effects this spoliation policy may have on properties within the Transvaal Municipalities. There are still to-day over 50,000 vacant stands within the Johannesburg Municipal area; the fact that there are no buyers for any of them has been clearly demonstrated by recent auction sales; it follows that there is no demand for either business or residential buildings, and any endeavour to make vacant stands productive by erecting buildings thereon could therefore only result in increased losses.

It may perhaps be that during the next two years the Johannesburg Town Council, or perhaps the Provincial Council, will see the folly of this system of taxation and revert back to the one which has obtained hitherto, namely, to rate improvements equally with sites; in that case value of property should again appreciate and may even reach normal figures, but, as I said before, in the meantime there was no other course open to your directors than the one they adopted, viz., to make provision on account of the depreciation which has occurred.