



LAND & LIBERTY

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Editorial Offices:

11, TOTHILL STREET, LONDON, S.W.1.

All communications to be addressed to the Editor.

Telegrams: "Eulav, Parl., London."

Telephone: Victoria 7525.

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THE STRATEGY OF THE DE-RATING POLICY

At the meeting of the Glasgow City Council on 24th January information was given by the Convener of the Housing Committee that in the years 1918 to 1928 the Corporation had paid the sum of £950,734 for 2,698½ acres of land required for municipal housing schemes. Of these acres, 1,878 had been entered on the valuation roll and while they had been assessed at an annual value of £6,657, the purchase price of the same land was £729,000. A typical example of this kind of transaction was the site of four acres recently sold by Lord Newlands to the Glasgow Corporation for £5,717. It had been on the assessment books at an annual value of £10.

The burden of local rates is the chief topic in political discussion and facts like these have an important bearing upon it. Much is said about the necessitous areas that can only be helped out of their difficulties by subventions from the National Exchequer. Glasgow is one of the places where "rates are high." Sheffield is another. In fact, it is difficult to name any town or rural district that is not begging for assistance at the Treasury while it is being cheated of its own public revenue by land monopoly unrestrained.

The Glasgow experience speaks in more revealing terms than the familiar contrast one at once draws between the price of land and its previous rateable value. It is well enough to point out that if the £729,000 was the real market value of the 1,878 acres, the annual assessment should fairly have been 5 per cent of that sum, namely £36,450, whereas it was only £6,657. The other way of putting the comparison is that if the annual rateable value was a fair assessment the purchase price should not have been more than twenty times as much. It should have been £133,140 at most, instead of £729,000. And for his bit of ground Lord Newlands should have got not more than £200. Clearly, by either test, the landowners,

with such credit as may be paid to them for their "foresight and enterprise" in standing athwart the growth of a city, have held the people to ransom; or perhaps more correctly, the people are to blame for allowing a law and practice to continue which enables the landowner to exploit them in two ways. Payment is extorted for access to the land which belongs equally to all. The public revenue is deprived of the vast sums that should have come from valuable land whether used or not.

But the test of purchase price set against the previous rateable value can be taken a stage further. We know that existing assessments are a mere fiction so far as actual value is concerned. They do not attempt to fix a value. They merely determine by a sort of guess-work how much rent the existing state of the land or premises would command if let for a year. If land, no matter how valuable, is growing grass what would a yearly tenant give for such use? A pound or two per acre. If tumble-down buildings stand on a valuable site the rent is low and so is the assessment. A piece of vacant land, which might be sold at a fabulous figure, cannot be used in its existing condition. It could not find a tenant (especially not a tenant for a year) unless it were to carry some building or other improvement, and that would at once alter the "existing condition." Accordingly it stands on the rate books as having no value at all.

The real question, then, is not what the owner is entitled to when land is sold or what he ought to receive in rent. To speak of a "fair" price for land is a contradiction in terms when the nature of economic rent is considered. Appropriated by a private individual, the value or rent of land is wealth taken from the community without compensation or any service rendered in return. What has happened in the case of the land sold to the Glasgow Corporation for £950,734 has reference to more than the previous rateable value. A sum of money represents goods or labour services and we would compare the price in that way. The owners have done nothing to put the land there; they have done nothing to give the land its value, but in virtue of an indefensible legal right to those 2,698 acres they take possession, through the purchasing power the money gives, of the wages of 6,090 men working constantly for a whole year at £3 a week. Or examine the case of the four acres sold by Lord Newlands. In cold fact, as much of the produce of labour has been ceded to him as it would take a working man at £3 a week to earn in 38 years. Multiply these instances by the scores and the hundreds—every town has the same experience, not to speak of the far more numerous individual cases—and it becomes evident that this daylight robbery has a direct connection with the persistence of poverty, and with the unemployment that increases with each new attempt to master it.

The public discussion now devoted to the subject of local taxation is helped by the kind of examples we have given. Here is the value of land. Here are the public services and all the various needs of the community. Pay the one with the other and

set industry entirely free. Why should a great city like Sheffield, for instance, be deprived of its natural revenues and be forced to beg at the Treasury for grants-in-aid? In a recent issue of this Journal it was stated on the authority of a surveyor with intimate local knowledge that in the heart of this "necessitous area," so-called, the selling price of land reaches £1,000 a square yard and for a distance along either side of two main streets it averages £200 or £250 a square yard. A central section of $4\frac{3}{4}$ acres is worth £4,660,000—as much as the total earnings of 1,000 men working for 30 years at £3 a week. In Sheffield, in a town where the outcry against the "burden of rates" is as loud as anywhere, it is evident that enormous tribute is levied on the community by some people free from any burden whatever, seeing that the selling price of land is the equivalent of a net income from which the owner pays not a single penny towards the public revenue. The value of land is obviously not due to anything done by the landowner since by definition (as well as by easy assessment) it is the value apart from buildings and improvements. It comes into existence with the community; it grows as more and more land must be occupied and reaches its highest point where the landholder can get the greatest aid from social activities, as he does in the centres of cities.

The Government promotes a de-rating scheme with all the arguments that have been used time and again to expose the injustice of taxing improvements and industry; but the essential part of the argument is ignored, if not scouted, namely, that the remedy is to transfer taxation to the value of land. The case is made that local rates on factories, workshops and agriculture are being reduced or removed. What of it, and what is the truth? Suppose the relief now to be given as a bounty from the Treasury were confined only to structures and other improvements, there would be no virtue in that act and there would be no gain to industry. The benefit would be converted ultimately if not at once into higher prices for land. But the Government scheme goes further. It is not that factories and farms are relieved, but that rates are also being taken off the value of land now occupied by the factories and the farms. The result is to increase the advantage already enjoyed by those who occupy the better situations. The greater the value of land, the greater is the premium thus given to them over less fortunate competitors. The scheme is calculated to crush out the man at the margin and assist materially in creating more powerful rings and combines among those businesses that are most favoured in owning the best land. Even a little understanding of the law of rent should convince anyone that this will be the effect, and that the relief is another name for a gift to land monopoly, whether it goes to selected ratepayers or to municipalities as a whole.

On every platform and in the Press throughout the land an imposture is being tried upon what is thought to be a gullible public. Town X will have its rates reduced by this amount and Town Y by that amount. Glasgow is to get £750,000 a year and Lancashire £3,500,000, and so on. Every

town and county is to have favours bestowed. By whom, it may be asked? By the general consumer who has to bear the brunt of indirect taxation now increased by the amount of £35,452,000 a year. Prices are raised and purchasing power reduced to the same extent or more, so that all said about the proposal that it will promote production and increase employment is pure fantasy. The citizens of the self-same cities and towns and counties are getting burdens reduced by being forced to take money out of one pocket and put it in another.

Bad as the present rating system is, it cannot be mended by subventions from a petrol tax and customs duties. This is only to substitute still worse methods of taxation adding to the cost of living, and far more damaging to trade and industry. Fed by moneys from the Treasury the local authorities lose their self-reliance and independence and become mere provincial branches of a central bureaucracy. And a still more menacing thing is that the local authorities are given a vested financial interest in tariffs and protection, all the while they are prevented from placing the cost of public services upon the right shoulders. It was well said recently by a Government spokesman that de-rating and safeguarding are twin policies. The connection is the closer if municipalities themselves are to be the interested champions of customs tariffs to keep down the rates.

Parliament resumed on 22nd January with the English Local Government Bill half way through the Committee stage in the House of Commons and on the same evening the two clauses were passed which in effect lift £24,000,000 of annual taxation from landed property and place it upon transport, trade and commodities. These are the clauses that exempt agricultural land entirely from local taxation and relieve the lands and premises of factories and workshops from three-quarters of the local rates now levied. The Scottish Local Government Bill contains similar provisions voting £3,200,000 except that in Scotland the assessment of agricultural land is reduced to one-eighth. In addition to these subsidies to selected ratepayers, the Treasury has to pay increased grants-in-aid to the local authorities amounting to £8,252,000 a year. Such is the de-rating scheme embodied in the Local Government Bills. It is the keystone of the intricate and most contentious legislation that is now being driven through Parliament by the tick of the clock without pretence at discussion.

The strategy of the Government is apparent. It is an attempt to weave the vicious system of indirect taxation and protective tariffs into the very fabric of municipal life; and support for this insidious attack on the Free Trade principle is purchased with the bribes to the farmers, the manufacturers and the rating bodies. The Bills are in keeping with the Small Holdings and Allotments Land Purchase Acts, the loans to farmers assisted out of public funds, the sugar beet subsidy and all else done by this Government to stiffen the monopoly price of land, thereby raising higher the barriers across the natural avenues to employment.

It is a challenge that can be met and defeated if

the progressive forces in the country will unite on the real Free Trade policy, the freedom to produce as well as the freedom to exchange. What is the alternative source of revenue is a question that must be answered if the Free Trade principle is to live. It is to be found in the unimproved value of land due to the presence, activities and needs of the community. The Taxation and Rating of Land Values is the real de-rating policy which will at the same time remove the burdens on industry and make access to land available to all on equal terms.

A. W. M.

Here is a caravan going along over the desert. Here are a gang of robbers. They say, "Look! There is a rich caravan; let us go and rob it, kill the men if necessary, take their goods from them, their camels and horses, and walk off." But one of the robbers says: "Oh, no; that is dangerous; besides, that would be stealing! Let us, instead of doing that, go ahead to where there is a spring, the only spring at which this caravan can get water. Let us put a wall around it and call it ours, and when they come up we won't let them have any water until they have given us all the goods they have." That would be more gentlemanly, more polite and more respectable; but it would be theft all the same.—Henry George in *Thou Shalt Not Steal*.

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Commodore H. Douglas King (Secretary for Mines) informed Mr Dennison (King's Norton—Soc.) that the average amount of royalty and wayleave rent per ton of coal disposable commercially for the four years 1924, 1925, 1927 and 1928 in Scotland was 7.02d. and the estimated total amount during the period was £3,590,000.

In reply to another question, Commodore King states that the average amount of royalty and wayleave rent per ton of coal disposable commercially for the last four years in Scotland, England, and Wales was 6.23d. The estimated total amount for the period was £23,795,000.—*House of Commons, 1st February*.

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Lord Delamere's Vale Royal estate was offered for sale at Crewe on 20th December by Messrs Knight, Frank and Rutley. The farms disposed of realized an average price of £44 per acre, and in some cases small-holdings were sold at £90 an acre and arable land at £65 an acre.

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The increase in land values which has taken place in London since the war shows no signs of a decline. Fashionable suburbs like Hampstead have sites that realize £10,000 an acre. A few years ago these sites were agricultural land commanding £50 per acre! It's a golden age—for landowners!—*John Bull, 19th January*.

Addresses by Henry George: "The Crime of Poverty," "Thou Shalt not Steal," "Scotland and Scotsmen," "Thy Kingdom Come," "Moses." *Id.* each.

The Story of My Dictatorship. By LEWIS H. BERENS and IGNATIUS SINGER. *3d.*

Rt. Hon. Philip Snowden, M.P., on Land Value Taxation. Speeches delivered. *1d.*

The Economic Causes of War and of Industrial Depression. Open Address to the Geneva World Economic Conference. *1d.*

A Danish View of British Farming. By JAKOB E. LANGE. *1s.*

THE IDEAL CITY

By Councillor Arthur H. Weller, J.P.

The ideal city has no geographical position or boundaries; it exists only in the imagination. We have all seen it in our day-dreams, with its wide, clean streets, its noble buildings and beautiful homes, and with no slums in the background. It is situated in a smiling countryside where industry is efficiently and pleasantly conducted without Nature's lovely face being smeared with ugliness and grime. There is no unemployment nor poverty in the ideal city; no workhouses and no public charity for the able-bodied in the form of "social services."

Such conditions are very different from those we are accustomed to in Manchester and other modern cities where unemployment and poverty are taken for granted—like sunshine and shower. But unless poverty and its consequences are due to defects in human nature, it must be possible to raise the level of comfort and happiness in modern communities to that of the ideal city, because all the materials are here at our command. There is no reason to suppose that human beings are so constituted that association in equality is impossible. The inhabitants of our ideal city are people like ourselves—mainly good, but capable of demoralization and wickedness. What then is the secret of their prosperity and happiness? It is in their enjoyment of COMPLETE EQUALITY OF OPPORTUNITY and the absence of special privileges. Property rights there are fully respected, which means that no one can share the fruits of another's labour and skill without giving equivalent service in return; no one there is getting something for nothing, and all are free to produce and to enjoy the product.

Equality of opportunity can only come by way of equal access to the natural resources, and that can be secured by altering our system of taxation. At present industry is carrying a heavy burden of national and local taxation which aggravates the difficulties resulting from the land system. The burden can be removed if a new source of revenue is used. The Taxation of Land Values would tap a hitherto unused source of public revenue—the communally created values of all the land. That measure would make land withholding impossible and also reduce, progressively, the landlord's toll on industry. Even a small measure of the Taxation of Land Values would force more land into productive uses and increase the opportunities for employment. When, finally, all the land values are taken for public expenditure and the taxes on homes and industry are abolished, we shall enjoy in full measure such prosperity and happiness as can now be found only in the ideal city of our dreams. To conform human laws to the moral law will bring its due reward. Henry George pointed to this ideal in *Progress and Poverty* when he said:—

"The poverty which in the midst of abundance pinches and embrates men, and all the evils which flow from it, spring from a denial of justice. In permitting the monopolisation of the opportunities which nature freely offers to all, we have ignored the fundamental law of justice, for . . . justice seems to be the supreme law of the universe. But by sweeping away this injustice and asserting the rights of all men to natural opportunities, we shall conform ourselves to the law—we shall remove the great cause of unnatural inequality in the distribution of wealth and power; we shall abolish poverty."

[From an article appearing in the "Stockport Express," "Middleton Guardian," "Oldham Evening Chronicle," and "Cotton Factory Times."]