

TAXATION AND RATING OF LAND VALUES AS AFFECTING AGRICULTURAL AND ACCOMMODATION LAND.*

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(Nominated by the Land Values Group of the House of Commons.)

A Meeting of the Farmers' Club was held at the Whitehall Rooms, Hotel Métropole, London, S.W., on Monday afternoon, 3rd February, 1913, Mr. W. Anker Simmons, Chairman of the Club, presiding. There was a full attendance of members and visitors.

The following paper was read by Mr. R. L. Outhwaite, M.P.

At the outset it is necessary to be clear as to terms. Land value must be distinguished from the value created in or on the land by the application of labour to it. Let us take for example a 200-acre farm, which rents for £200. Part of this rent is what the tenant pays for the use of farm buildings, for the benefit resulting from the fences and drains, and he pays for these labour-created products just as he pays for the boots that he wears, substituting an annual for a full payment. Let us say that he pays £100 a year for the use of labour-created products.

There is still the remaining £100 a year to be accounted for. If the tenant pays £100 a year for the enjoyment of capital expended on the land, the other £100 a year goes in payment for the use of the land itself. Now this second £100 a year does not represent the expenditure of any labour or capital by any individual. It represents the value of the permission to use 200 acres. That value arises from the presence of the community; it came into existence with the community, and would vanish if the community disappeared. Consequently, it is clear that when the tenant pays £200 a year, he pays to the landlord (1) £100 for a value created by individuals to whom payment is due; (2) £100 a year for enjoyment of a value which the community has created, and payment for which should go to the community. The £100 a year paid solely for the use of the land is economic rent. Capitalised at 25 years' purchase, it is the capital land value of the farm—£2,500.

Now, under the present rating system the contribution of the land user is assessed on the sum that is obtained for the use of both the land and the improvements on the land. That is to say, the land value is levied upon, and also the value of the improvements. The value created by the community is taxed, and also the value created by the individual.

Under the taxation of land values it is proposed to abolish taxation on the value created on the land by individual enterprise, and tax alone the value created by the community. Let it here be noted, as of fundamental importance, that the value created by the community is at present rated only if the land is used and contributes a rent. Under the taxation of land values it would be taxed, whether used or not, on the value fixed by the sum land users would be prepared to give for permission to use it.

The reason for substituting the value of land as the basis of assessment, in place of the rent received for the use of land, and improvements on the land, may be set out as follows:—

In the interests of the community the State should facilitate the maximum production of wealth. All wealth is the product of labour applied to land. When the State levies taxation on the use of land, as it does under our present rating system, taxes a man for building a cottage, a factory, or for turning derelict acres into a fertile holding, it discourages the use of land, and limits the production of wealth. So, too, if land be withheld from use, wealth which might be created is not created, to the detriment of the community. By not calling upon the owner of land of value held out of use to make any contribution to the rates, the State is further encouraging the limitation of the production of wealth. By shifting rates from the use of land on to land value, the use of land would be encouraged, and the holding of land out of use would be discouraged. So the production

of wealth would be promoted by the State taking for the community the value which the community has created, and leaving to the individual the value the individual has created.

The tax would be paid by the land-value owner; it could not be passed on from the landlord to the tenant, because that would mean that land value had risen. But land value does not rise because the community takes a share of it. Land value only rises when the community causes an increased advantage to accrue from the occupation of a particular site. Hence the owners of land values call the taxation of land values "robbery" and "spoliation," because, unlike a tax which falls on labour products, it cannot be passed on to the user.

If, for the sake of argument, it be granted that, instead of the return from the use of land, the value of land should be taken as the basis of assessment, we are led to consider how this substitution should be effected, and its result on agriculture.

The proposal of the Land Values Group in the House of Commons on Land Value Taxation in relation to rating reform is that a National Land Values Tax be levied in relief of services essentially national, which now, in part, fall upon the rates—namely, Education, Poor Relief, Police, Main Roads, and Pauper Asylums.

I should here make clear that I hold, perhaps, more pronounced views on this question of a National Tax than other members of the Group, some of whom attach greater importance to the rating of land values. I hold that it would be unjust in some cases to compel local authorities to transfer rates to land value until these national services are made a national charge, and this is a matter which deeply affects the user of rural land. For only if the land value of the nation as a whole is taken as the basis of assessment will the burden fall equally on all landowners, and there be an assurance that the land value fund will suffice. In a poor parish, where land values are low, or, perhaps, non-existent, as in somecrofting parishes, there may not be enough land value to meet these burdens, together with those local in character, such as sanitation, bridges, &c. In the City of London, where land has sold at the rate of £4,000,000 an acre, and where there are scarcely any children to be educated, or poor to be relieved, an infinitesimal levy on land value would suffice. By financing these national services by way of localities, the anomaly results that the heaviest burden is thrown where the people are least able to bear it, and the obligation is lightest where the reverse is the case.

Now if these services are taken off the rates and financed by a Land Values Tax, the greatest contribution will not have to be made, as at present, where there are most poor to be relieved, and most children in need of education, but where land values are greatest. It means the transference of the burden to the vast land values of the great cities. A National Land Values Tax to take National Services off the rates is, therefore, an indispensable first step towards rating reform. After this readjustment between Local and Imperial taxation has taken place, rates can then also be assessed on land value.

It is only just that rural parishes should participate in the land values of the cities, for the people of the countryside help to create these values. Take London, for example. The people on the land contribute to the maintenance of the railways, the concentration of which at London creates land values. When the farmers send goods over the railways for sale or receive other goods in return, they pay on each occasion. In the first instance, the cost of freight is deducted from the price they get, and in the second it is added to the price they pay. But the ground landlords of London, as such, contribute nothing to the maintenance of the railway system, and the people who maintain the railways and create and maintain the value of city land have a right to share in that value. To demand that they should only have a call upon the value in their particular locality for services, the provision of which is enforced by the State, would be unjust. So, too, the value of the land of London is due in part to the whole nation as taxpayers maintaining there the seat of Government and administration. London exists because of the nation, land values are created by the nation as a whole, and consequently, when the State provides services to the advantage of which all citizens are equally entitled, it should finance those services by national taxation, taking the land value of the nation as the basis of assessment.

* Note by Committee of the Farmers' Club.—The paper has been printed as received from Mr. Outhwaite, but as the two portions which are lined refer to subjects which are not covered by the title of the paper, the reading or discussion of them cannot be permitted.

When we take this proposal into consideration, it is clear that the main argument used by opponents who claim to speak on behalf of the agricultural industry really tells most strongly in its favour. They say that the value of agricultural land is only the creation of the capital and labour expended on it. There is land of which this is true. If when denuded of labour-created value no value remained, then it would contribute nothing to a land values tax. But under the present rating system it contributes in rates levied on these improvements. So, were national services financed by a land values tax, the users of this land would gain by the amount transferred.

But while little land of no value apart from improvements is in use this general proposition holds good:—Where land value is lowest the present rating system acts with a maximum of discouragement to its best use, for it falls in greatest part on that value which is the result of labour. Consequently, those who oppose the taxation of land values because of the low or non-existent value of agricultural land are in reality furnishing the strongest argument for its adoption. Furthermore, opponents refuse to separate the interests of the owners of land in receipt of rent for its use, who are consequently land value owners, and those of tenants who are the users of the land and of the improvements on it. A tax on land values would fall upon the owner of the land value, and not upon the land user or the tenant. Consequently, a land values tax which falls upon a land value owner, who, as such, contributes nothing to production, cannot be said to be a tax on agriculture, which is the use of land. But rates as at present assessed do constitute a tax on agriculture, because in part they fall on the use of land.

It will be said that as the rent of the land is fixed on the basis of the tenant paying the rates, that on the transference of the cost of these services to the land value owner he will recoup himself when the rent is fixed again. Let us see how far this argument holds good. A farm is rented by A, the tenant, from B, the landowner. A contracts to pay £100 a year and £20 in rates. The rent of £100 is £50 for use of landlord's improvements and £50 for use of the land. Land value and improvement value are equal in this instance. In such case it may be said that the £20 payable in rates falls half on annual land value and half on improvement value. In consequence, if A had not contracted to pay the rates he would have paid £10 a year more for the use of the land, the true annual land value being £60. Consequently, were the £20 transferred from A to B, then A would be in possession of £10 a year of annual land value; he would be paying that amount a year less than the true economic rent of the land. As a result, on transference of £20 of rates to the landlord, £10 would be recoverable by him from the tenant by economic force. The other £10 would be paid by the landowner, for he would not be able to get more than £60, the true economic rent of the land, nor more than £50, the annual value of the improvements, the buildings, &c. But after this adjustment had been made, from which the tenant must advantage, he would obtain the further and greater advantage that however much the land might be improved he would not be called upon to pay, as at present, increased rates assessed on the value of the improvements. A rate on improvements is always paid by the tenant. The capitalist requires a fixed return on his expenditure, and if he is not assured of getting it the outlay is not made. A rate on land value is paid by the owner of the land value for economic reasons already indicated. One reservation has to be made as regards the foregoing consideration relating to the transference of rates. Some land is held at a rack rent, that is to say, the tenant pays an artificial rent owing to an artificial scarcity of land being created by land being withheld from use. In such case, as the tax will operate to break down this artificial scarcity, the rack-rented tenant will not only be relieved of the rate on the improvements, but also pay less for the use of the land. If, for instance, of the £50 rent A pays to B for the use of the land £10 is due to rack-renting, then on the transference of the £20 of rates to land value, the tax at the same time bringing land to its true value, B will pay and be unable to recover £10 from A as in the former case.

This, then, is the broad outline of the proposed reform considered as a measure designed to make the value of land, in place of the use of land, the basis of assessment

for national services, and to make the whole nation the area of assessment in place of localities.

As this proposal for the taxation of land values is brought forward as a substitutional measure, its opponents are bound to either show reasons for the maintenance of the existing system, or, if they cannot do this, to put forward alternative proposals. It may be said that few who have considered the subject will be prepared to defend the present method, by which enormous sums are raised by way of the rates.

Will anyone in this audience defend a system as being in the interests of agriculture, of which these instances are examples? In the Highlands and Islands of Scotland, where men are tilling the poorest land in the Kingdom, rates run up to 20s. in the £. The "Gaelic-speaking Highlanders of the Point Peninsula of the Lewis" have just presented a Memorial to the Chancellor of the Exchequer, in which the following occurs:—

"Where the peasantry has been wiped out and deer substituted the rates and taxes are nearly nil, while in those districts where a remnant of the Gaels has been mercifully spared they are exorbitant. We therefore appeal to you to remedy these glaring wrongs in such a manner as would reduce the exorbitant rates on such properties as the Lewis to one-third of the present burdens."

Mr. Winfrey, M.P., recently made the following statement:—

"At present people were rated on their improvements. In his own constituency they had taken a farm for small holdings. It was very much out of condition when it was taken, and was assessed at £57 10s. The moment the small holder got it the assessment was raised to £166 15s. Another farm in Cambridgeshire was assessed at £150. The Council let it to twenty-seven small holders, and the assessment was at once raised to £580. As a contrast to this, the noble lord who rents Blankney appealed against the assessment of his fox coverts at £1 per acre, and the committee dutifully reduced it to 5s. per acre."

Will anyone in this audience be prepared to say that a system is just or beneficial which on land being put to fuller use increases the taxation on the user four-fold, and on land being put to an inferior use reduces taxation to one quarter? Turn land to the use of men, put habitations upon it, and a heavy fine is imposed; turn land to use of foxes or red deer, and you are rewarded as a good citizen by having your contribution to the needs of the community reduced. When the State imposes taxation on these lines it declares itself to be the enemy of industry and the creator of poverty. It divorces labour from land, and so prohibits the production of wealth. Such a system cannot be supported on grounds of reason and common sense. Nor can the present system of casting Imperial burdens on to localities without any consideration of their capacity to bear them be supported. The Royal Commission on Local Taxation, which reported in 1901, declared that Education, Poor Relief, Police, Main Roads and Pauper Asylums should be treated as national services and be a charge on the National Exchequer. If these services are to be taken off the rates because injuriously assessed and injuriously allocated, how else can this dual need be met but by a National Land Values Tax?

The only other taxation proposal in the political field is that which has recently been adopted by the Unionist Party. It is proposed to levy a tariff upon imports of manufactured articles, leaving food upon the free list. In the first place, such a tariff would not raise an adequate revenue for the purpose of financing these national services, and especially if the tariff checked imports. But how would the agriculturist fare under it? He would have to pay more for all he purchased, from a tin-tack to a threshing plant. So far as he purchased imported manufactures, his taxes would go to the Treasury. But in the main he would buy goods of British manufacture. Here, as in the United States, manufacturers of all staple products would combine into Trusts to eliminate local competition and get the advantage of the tariff. The price the farmer would pay would then be the Free Trade price, plus the duty. But the increase in price would not go to the Treasury, but into the pockets of the protected manufacturers. At the same time, no duties being levied on imports of food, he would not

get a penny more for his products. He would buy in a Protectionist market and sell in a Free Trade market. His labourers having to pay more for boots, clothing, &c., would have to be paid higher wages without being any better off, or would be driven into a worse condition here or be forced to emigrate. This is the only alternative policy of taxation in the field against land value taxation, and one more detrimental to agriculture it would be impossible to devise.

Consequently it may be said that, granted the need for rating and taxation reform, the proposals of the land values stand as the only alternative.

But advocates of land value taxation lay more emphasis on its secondary economic effects than upon its direct advantage as a just method of raising revenue. And it is precisely because they take this view that the charge that they propose to tax agriculture is grotesquely contrary to their intent. They hold that social distress, low wages, poverty, the flagrant evils which afflict society, and for which the State must find a remedy or perish, are rooted in one common cause. They maintain that our present land system has two results:—(1) Landownership enables those who contribute nothing to the production of wealth to take a share of the wealth produced by the community without rendering service in return. (2) Landownership enables individuals to withhold from use an essential to existence, the source of wealth, thus limiting the production of wealth, creating involuntary unemployment and social distress.

With the first aspect of our case I have dealt. Taxation of land values will secure for the community a share of the wealth that the community contributes to the landowner for the use of the soil.

With the second aspect it is necessary briefly to deal as directly touching the interests of agriculture. If the taxation of land values and the relief of the land user from present burdens will promote the full use of the soil, these social results may be expected to follow. The full use of rural land will create a demand for labour to till the soil. The immediate effect will be that the drift of labour from the villages to the towns will be checked and wages in consequence will tend to rise. Mr. Bonar Law has truly said that what is wanted is a general rise in the level of wages. This can only be effected by opening up to labour the primary source of production, the land, for profitable enterprise. If a general rise in the level of wages takes place amongst the millions of town workers, as a result of the competition of labour from the countryside being cut off, an increased demand for the products of the soil will be set up, thereby increasing the opportunities for profitable production. A low consuming capacity amongst the masses, due to low wages, is destructive of a maximum and most profitable production from the soil. A friend of mine lately saw a Bedfordshire market gardener ploughing in his Brussels sprouts. Inquiring the reason, he was told that there was a glut in Covent Garden, and the price would not pay the cost of carriage. "But," said my friend, "there are hundreds of thousands of families who would gladly buy these Brussels sprouts at a price that would pay you, only their wages are so low that they cannot afford to buy vegetables. Don't you think that a reform which would raise wages would benefit you?" The market gardener for the first time realised that he had an interest in the wage problem. Take, again, the production of milk. At the very time when farmers complain of an over-supply, the workers who are producing the greatest output of wealth the world has ever seen cannot afford to provide their children with fresh milk, the chief essential for their existence, and infants perish yearly by thousands in consequence.

So as land-taxers hold that in the full and profitable use of the soil lies the only hope for the betterment of social conditions, they seek to promote the interests of agriculture by freeing it from the restrictions and exactions of monopoly, and from the unjust burdens imposed by the State.

As in the case of the revenue-raising aspect of the taxation of land values, one was entitled to inquire what alternative proposal was set against it, so, too, one may ask if there are defenders of the present land system and if other reform is proposed, what is its nature?

Again, we find that no political party cares to support the maintenance of the present land system. The alternative proposal of the Unionist Party is the establishment of peasant proprietors by way of land purchase. This

is a proposal which will have diametrically opposite economic results to the taxation of land values. Under the Unionist policy the State is to provide funds which will be loaned to tenants to enable them to acquire their farms. The alternative will be put before the tenant of becoming a proprietor or of giving up his farm. Under this pressure, and with other would-be proprietors ready to step in, he will be compelled to pay a fictitious price for his farm. The result will be that after the transaction he will find himself paying more by way of interest on his mortgage than he formerly paid in rent. And on top of this he will pay his rates. The former tenant will find himself what the peasant proprietor is in every country—a slave of the soil. He will not own the land—the land will own him. State-aided land purchase for the establishment of proprietors is a land seller's policy, as it inflates the price of land. It will also raise artificially the rent demanded for land not sold. It is a policy calculated to bankrupt the land user. The taxation of land values, as it reduces the price of land and makes land available at a true economic rent, is the policy for the land user.

A word may here be said as to the Small Holding Act. This is based on land purchase, the local authority retaining possession. But we have already seen how the fact of the County Councils coming into the market has tended to put up prices and rents. Lord Strachie, when Under-Secretary to the Board of Agriculture, actually as a landowner approved it for this reason. Instead of the County Councils being bound to endeavour to meet the demand for land by picking up pieces here and there, often subdividing where subdivision is not called for, it would have been far better for the farmer and small holder if, under the pressure of a land values tax, land withheld from full use had been forced into use or into the market.

As a land values taxer I stand apart from both the Conservative and Socialist views of Land Reform. I do not say that by this man or that man, or that in any particular way, or in any particular area, the land shall be held. Those whose stand for the theory on which the taxation of land values is based hold that its introduction will set up economic forces which will result in land being put to its most productive use, producing most wealth, contributing most to the well-being of the nation. They seek to secure to the user of the soil the full fruits of his use of it, and to the community the economic rent which is the measure of the community-created advantage of applying labour to any particular land. Agriculture, which is the application of industry to land, can only fully reward the agriculturist when the fruits of his labour are secured to him as against the exactions of the State or of any individual calling himself the owner of the value of the soil.

We believe that the policy outlined in this paper will serve to introduce this reform in a manner that will demonstrate its beneficial effects to the community as a whole, and not least to agriculture, the basis on which a community must rest if it is to have stability in its social structure.

MR. H. TRUSTRAM EVE: What is the position of the man who bought Mr. Outhwaite's typical farm with a site value of £2,500? Under the new national tax the poundage is not known, but it is pretty well agreed that it is sought to raise £30,000,000 per annum. No one knows what the poundage will be, but I estimate, subject to criticism, that it will be 3d., which gives a total net assessable site value of the country of 2,400 millions. If the national tax is 3d. in the £, the owner of that farm will be called upon to draw a cheque for £30, and send it up to the Treasury. If the local authorities adopt that site value, which is the second proposal of the memorialists of the Land Values Group, and assuming the lowest figure I have ever been able to find as a fact, namely, another 3d. in the £, he has to draw a cheque for £30 per annum for local rates, making a total in the two payments of £60 per annum. At the present moment under the existing system that man is rated on £160 for the land at 2s. in the £, equal to £16, and on £20 for his house and homestead at 4s. in the £, equal to £4, or a total payment for rates of £20 per annum. That sort of calculation, which it seems to me is not open to criticism as far as the arithmetic is concerned, has never been answered by the Land Values Group or the United Committee for the Taxation of Land Values. Personally, I have put a few figures together which have been criticised on principle, but up to now I have not seen any criticism of the actual arithmetic. If I am right, that farmer who occupies his farm would pay under the new system three times what

he does now; and I should like Mr. Outhwaite to deal with that particular arithmetic in his reply, if he will be good enough to do so. I am sure you will agree with this, that the site value of agricultural land, if you can find it at all, depends entirely on two items; one, the shape, and, two, the position of the land, and has nothing on earth to do with whether the top nine inches of soil is a good loam or a cold clay; in other words, the permission to use, and the value of the top nine inches for the growth of corn, have no relation, as far as I can see, to the site value as found in the Budget. Mr. Outhwaite also observes: "If, when denuded of labour-created value, no value remained, then it would contribute nothing to a land values tax." That I entirely agree with as a truism, but as a practical man I ask Mr. Outhwaite to think out what the net result will be of the new value which he and his co-taxers wish to put on agricultural land. They start with the assessable site value of the Budget, except Mr. Wedgwood and a few others, who start with the full site value. To that they add the tithe—I am now speaking from the official memorandum laid before the Departmental Committee—and other fixed charges; and from that new figure they take off "all improvements," according to their memorandum; but when they come to the details of their evidence they limit "all improvements" to improvements made during the last 21 years. I ask you as a practical body in this Farmers' Club to tell Mr. Outhwaite that improvements limited to the last 21 years will give exactly the same assessable site value under that new calculation as he gets under the Budget, and therefore that his proposed gift is absolutely nil. Then Mr. Outhwaite talks about turning derelict acres into fertile holdings, and later on that the user of the land will be encouraged, and the holding of land out of use will be discouraged. I have another thought on that point. You have, say, ten acres of land badly farmed, full of docks, twitch, and thistles. Next to it you have ten acres thoroughly well farmed. The position is the same, the site value is the same, the shape is the same, and—Mr. Outhwaite will correct me if I am wrong—the tax would be the same per acre. The just is taxed at the same rate as the unjust, and I ask Mr. Outhwaite: How will you, through that species of arithmetic, compel the unjust to remove his twitch, docks, and thistles, and get up to the standard of the just, considering they are both taxed alike? And, moreover, when he has got his docks, twitch, and thistles out, the same tax that he had when they were there will remain when he has removed them.

Mr. THOMAS LATHAM (Dorchester, Oxon): We are told in the paper that this money is to be raised specially for certain things; you all know them, so that I need not mention them. But if there is any part of the community that is least benefited by education, and who have to pay for it entirely, I think it is the agriculturist. At the same time are there no other parts of the community that are benefited by education? Again, I say if the poor relief is to fall entirely on the land, what will take place? Then we come to the police. They are useful to everybody, most certainly. Then we come to the sorest subject of all, and that is the main roads. Surely, almost all Englishmen use the main roads more at the present time than the users of the land. They take motor-cars, motor-lorries, and different things from one end of the country to the other over our roads, and pay next to nothing for them. Now we are to be taxed on our land on purpose to keep up that great service for somebody else! With regard to pauper asylums, that is, of course, a very serious matter for us all, and it is felt that it affects the community at large. I bring forward these things for two special reasons. One is that I hope Mr. Outhwaite will be able to tell us what sin we have committed that this raw material of ours should bear the taxes of the whole nation. You cannot read the paper through without seeing that it is a dead set at our landlords. I am sorry for it, because I am one of those who very highly respect them. I am one of those who feel that we cannot possibly get on without them; and I say without any fear of contradiction that if we do away with them the poor will lose the very best friends they have ever had.

Mr. ALFRED AMOS (Spring Grove, Wye, Kent): I believe if there is anything deterrent to agriculture it is rating the improvements on the land. As you know, I have always been one of those who have advocated a reform of the land tenure system; and I consider it is just as bad to rate a man on his improvements proportion-

ately as it is to rent a tenant on his improvements. In one part of the paper Mr. Outhwaite mentioned something about the railways come into London and creating value. We should have had very much lower railway rates if the land for the sites of the railways had not cost so much. In other countries they would have done things differently; they would have given them the land, but in England the owners have been able to get enormous prices for the sites of the railways. Take, for instance, Covent Garden Market. I do not know what the site value of Covent Garden Market is, but do not we farmers pay an enormous amount of tolls for goods coming into that market? I should like to know what the owner of Covent Garden Market pays in the shape of rates. I think there must be a tremendous amount due from Covent Garden Market to the owners of produce who send their goods there. Then again, under the present system most farmers want cottages. I want cottages badly enough, but directly you build a cottage you not only have to pay the interest on the money you build it with, but you are immediately charged about one-fifth more in the shape of rates, and that is a great deterrent to people building cottages. If we could have cottages exempt from rating I think there would be a great many more cottages built, and it would be a good thing for the farmers all round. Directly you relieve the improvements from rating you will find that capital will flock to the land, the land will be improved and agriculture will prosper more than it has ever done before.

Mr. WILLIAM A. HAVILAND (Brightling Place, Brightling, Sussex): Mr. Outhwaite has told us that there is what he calls a community value, as separate from the labour-created value. If you read through his paper you would judge from what he says that the landlord has no right whatever to this community-created value. Not one word does Mr. Outhwaite say (I suppose he thinks it is a small and quite negligible matter) about the fact that for generations the community have been treating this land as a sound and proper form of investment. We have been encouraging our landowners, we have been encouraging the very best of investors in this country to put their money into the land—not altogether for their own benefit, but for the benefit of the community; and in past generations we have been leading them to suppose that they would have full security in the possession of that particular class of property. Mr. Outhwaite passes over that little point without even thinking it of sufficient importance to mention it in his paper. And yet his proposal, as I understand it, is absolutely to ignore a right which has been in existence from time immemorial. It is the greatest mistake in the world for Mr. Outhwaite or his friends to imagine that the site value of agricultural land is the same as the value of pasture or arable land as on April 30th, 1909. In our district, if capital had not been expended upon that land, it would be still all one vast forest, and I assure him that he would not grub the underwood, this useless undergrowth, for £10 to £15 an acre. As I have said, I think this valuer is right. He says in effect that the site value of an average acre of land there is £15, and the only reason why it is £15 is that £10 per acre has been spent by the owner in the past in converting it from forest to agricultural land. I have no hesitation in saying that that is the case all over the country, and that you will find in most cases that the value of the buildings and the value of the improvements very closely approaches, if it does not exceed, the total value of the land as it is.

Mr. T. W. TOOVEY (King's Langley, Herts) (Visitor): I have been to a great many meetings where this question has formed the topic of discussion, and I understand the difficulties of those who hear about it for perhaps the first, second, or third time. They naturally assume that the taxation of land values must be inimical to agriculture. I am speaking as a farmer, and as one who is in very close and intimate connection with farmers in the county of Hertfordshire; and I can tell you that the Herts Chamber of Agriculture, of which I have the honour to be a member, after full, long, and careful discussion of this subject, unanimously passed a resolution in favour of the taxation of land values, provided always that it should be a substitutory tax for the present system of taxation. If you come to think of it, I think you will see there can be no other possible reform of local taxation brought about in any other way than by taking the site value of the land as a basis. So far as personal property is concerned, as far

as income-tax and death duties are concerned, I think you will also agree that we are pretty well taxed up to the hilt. Taxation of land values properly applied will invite the owners of the enormous land values in the towns to share in the burden of taxation which now we all agree falls too hardly on agriculture. The site value of agricultural land is admittedly low, and it must be low. We all know that the effect of improving land is to raise the rates—(cries of "Yes" and "No")—and if you leave your land idle and do not use it at all you do not pay any rates. That must be a lunatic's system of taxation—that the better you use it the more rates you pay, and the worse you use it the less you pay. We ask that the taxation should be levied on the unimproved value of all land, and that however much you improve it by man-made improvements your rates and taxes shall not rise. Everything that the brain of man designs or executes is taxed, and that is a great evil which this country has not yet realised.

Major P. G. CRAIGIE (Bronte House, Lympstone, Devon): I would ask Mr. Outhwaite to take up half an hour or an hour of his time in reading a paper, published not so many years ago in the JOURNAL OF THE ROYAL AGRICULTURAL SOCIETY OF ENGLAND, written by a very old and revered member of this club, Mr. Albert Pell, and entitled, "The Making of the Land of England." That is not an essay on economic theory. It is a plain, unvarnished statement from estate after estate, typical of the north, west, and east of England of the amount of hard cash which has made the land capable of being rented at all. It is not a question of the bringing in of large sums of money, but the bringing in of any income whatever beyond the actual expenditure at the time. If he will pursue his inquiries one step further, I will take him to another society where no prejudice in the matter can possibly have been introduced. It is only a very few years since we had this subject discussed at a meeting of the Royal Statistical Society; and in a very able paper which was contributed there, founded again not on theory, but on facts, a very elaborate analysis of the land and the expenditure which was necessitated to produce that rent was tabulated and unrefuted on that occasion. If I remember aright, my colleague, Mr. Thompson, who read that paper, estimated that out of every £1 entered as rent 7s. represented the average cost of necessary outgoing for the upkeep, and 8s. 5s. or 8s. 6d. represented the interest on the moneys that had been spent before the capital that was sunk in creating the permanent works. If that be so, the economic rent must be reduced to a very small figure indeed. We must put the national portion of the taxation—and it is a very large share of our rates—on to the broad back of that one form of wealth which far more than land has risen by leaps and bounds—personalty. The returns of the Inland Revenue Assessments for income tax are scarcely to be appreciated by one who has not been carefully through the figures. Personalty is wealth which has increased to a very large amount and must bear its share for pauperism and loss. But it is a form of wealth which no local tax can now effectively reach. It must be reached by the long arm of the Chancellor of the Exchequer.

Sir GRAHAME BOWER (Studwell Lodge, Droxford, Hants) (Visitor): The whole story of this system of land taxation, the whole system of land values, dates back for a period of 115 years. It began with Parson Malthus. In the year 1798 Parson Malthus, who was a professor of the East India College in Hertfordshire, dealt with the question of population. This was his proposition: Population increased by geometrical progression; the production of food increased by arithmetical progression; therefore Great Britain—leaving out Ireland—Great Britain, which at that time contained 11 million people, would in a century contain 176 million. Not a century, but 115 years have passed since then, and it contains, not 176 million, but 41 million. So much for the increase of population. Now, as to the question of food. Food, so far from being scarcer, is at this moment cheaper, better, and more plentiful than it was in the days when Malthus wrote. As to the price of land, according to Malthus' theory the price of land would rise by leaps and bounds, because of the population. What are the facts? In Parson Malthus's day land sold at £33 an acre; during the last ten years it has sold at £26 an acre, and during this year at £24 an acre, showing a decrease of 30 per cent. in the price of land. Therefore we see that the price of land is not caused by the pressure of population. I now come to the next fallacy; it is the fallacy of Mr.

David Ricardo, a London banker. This is his theory—it is a theory which was accepted by Mr. Henry George and the land taxers. In the beginning men occupied the fertile lands. Lands were of no value. Please follow me very carefully, because this is the whole basis of their argument. In the beginning there was more land than was required, land was of no value, and men first occupied the fertile land. Then, as population increased, they occupied the poor lands. Then rent began, and rent was the difference between the cost of production on the fertile lands and the cost of production on the poor lands. The theory is not true. Man in the beginning occupied the poor lands, not the rich lands, because the rich lands were covered with forest and swamp, and it took more capital than they were worth to drain them off. They are doing it to-day in Australia and Canada, and California. Not only that, but the pastoral industry preceded the cultivating industry? What was it gave value to the land? It was not occupation; it was not population—no, it was secure possession. A man who owns anything, whether it be the watch in his pocket, the coat on his back, or the land of which he has title deeds holds them, and attaches value to them in virtue of a law and of policemen which give him secure possession. But if, on leaving this room, your watch is taken from you by anybody, whether it be a policeman or the Government, or if you have your land confiscated by taxation, then comes the old question *quis custodes?* What is to happen if the policeman turns thief? That is the question that I want to put to the audience.

Mr. PHILIP E. PILDITCH (2, Pall Mall East, London, S.W.) (Visitor): I should just like to tell you what the view of London would, I believe, be if it were proposed that a large part of the burden now raised from rural districts should be taken from those districts and placed upon London. I have no reason to imagine that the position would be any different in Glasgow, Manchester, Liverpool, or any of the big cities. At the present moment—and our view is reinforced by the Report of the Royal Commission on Local Taxation—we consider that we in London are being treated a good deal worse than the rest of the country is—(laughter)—and instead of being prepared to give something up in any reconsideration of the question of local taxation and local rating, we want more, and not less.

Mr. CHARLES BATHURST, M.P. (Lydney Park, Gloucestershire): First of all, I think that the time has come when rates upon improvements ought to be discontinued, or very largely modified; and the second point about which I entirely agree with him is that if you are going to throw heavy burdens for national services upon real property, do not let us have any system of localisation, but let us spread the burden evenly over the whole of the real property of the country, including such as is to be found in the City of London, which is of far more inherent value, and to a far greater extent a source of wealth, than that with which we are mainly concerned. But that is not the proposal, as I understand, of the United Committee for the Taxation of Land Values, or the bulk of the Land Values Group of the House of Commons. Mr. Outhwaite puts it forward as his point of view, but do not let us be deceived into thinking that it is the point of view which is adopted by the majority of those whom he is here to represent. First of all, I should like to ask him in perfect frankness, why in the name of Fortune, if you agree that these are national services, do you not put the bulk of the cost of maintaining them upon the chief source of wealth to-day, namely, personal property. In the last twenty years—official figures will prove this—the income derived from sources of wealth other than land has more than doubled, whereas during the last forty years we know that the capital value of land has depreciated by something like £500,000,000, and the income derived from it during those years has decreased by at least 40 per cent. Land is no longer the chief source of wealth in this country. If these are national services, let us, at any rate, allocate these burdens fairly amongst those who are the owners of the real wealth of the country. I suggest to Mr. Outhwaite that the urban problem is absolutely distinct from the rural problem; that there is some scope for rating on capital values in the immediate neighbourhood of large towns and cities, where there is undoubtedly an increasing capital value that is traceable to what he calls the community. But that is to be found to a very small extent in rural areas in this country.

Mr. M. W. MORTIMER (Culford, Bury St. Edmunds, Suffolk): They say that the community has created the value, and therefore that the community ought to receive the value. One speaker has entirely taken the words out of my mouth which I intended to say about the £400 a year which certain gentlemen receive as value from the community. But, sir, does not every manufacturer, does not Mr. Fels, the great financier, who, I believe, helps this movement from his purse, make his money from the community and from the increased demand owing to an increased community? Does not everything and everybody depend upon the community, except for their absolute bare necessities? If you go back to the time of Adam and Eve, they were not dependent on the community; but if you come anywhere nearer down to the present time, we are, one and all, dependent upon the community for everything. There seems to be an extraordinary idea that land, and land only, is a monopoly. The word monopoly means the exclusive privilege of selling anything. How can there be a monopoly when there are over one million landowners in this country at the present moment, and there is not as big a demand for land as there is land for sale, and it is open for any of us to go into the market and purchase land, exactly in the same way as it is open to anybody else to go into the market and purchase other commodities? There is a far bigger monopoly in certain manufactures in this country than in land. For instance, take Messrs. Brunner, Mond and Co., have not they a monopoly, and are not they enabled, owing to that monopoly, to pay 30 per cent. a year to their fortunate shareholders? That is done by monopoly, but there is not a monopoly in land as long as there is more land for sale than there is a demand for it.

Mr. O. D. JOHNSON (Barrow, Bury St. Edmunds): We have heard to-night a good deal of what would happen if various people bought land. I myself bought a small quantity of land, which I now own, and I bought it and paid for it in hard cash. I want to know why I am to be deprived of that land by the tax which Mr. Outhwaite and his friends propose to put upon it for the purpose of appropriating that land for the benefit of the community? Why should not I enjoy the use of the land which I have bought and paid for? That is the sum and substance of the whole argument.

The CHAIRMAN: Before I ask Mr. Outhwaite to reply I will put to you the vote of thanks which was proposed by Mr. Trustram Eve, and seconded by Mr. Latham, and as time is so short, I will do it quite briefly.

The resolution was then put and carried unanimously.

Mr. OUTHWAITE, in reply, said: Mr. Chairman and Gentlemen, I shall in the very short time at my disposal reply to some of the criticisms you have been good enough to offer on this paper. May I say at the outset that two absolutely contradictory arguments have been revealed in every criticism. First of all comes along the opponent who says, "You are going to tax the owner of agricultural land; you are going to cast fresh burdens upon him; you are going to discriminate against him; you are going to single him out for plunder and spoliation by means of the taxation of land values." Then comes along another or the same opponent, and he says, "Agricultural land has no value. All the value of agricultural land is in the capital expenditure put into it by the landowner." The whole of your criticism becomes a futile absurdity, because there are those two conflicting views which have been raised by almost every speaker. Take the first case mentioned by Mr. Trustram Eve. We will deal with the figures in the way that he has taken them, the case I gave in my paper of a farm, the capital land value of which was £2,500, and in which I put down the land value as equal to the value of the capital expended on the land. I put the worst possible case for my argument, and I am glad it has been brought up by Mr. Trustram Eve and answered by another gentleman who spoke. Mr. Eve argues in this way. He estimates the capital value of the land of Great Britain at £2,400,000,000, we will not know what it is until we have got the valuation through. I say he estimates the value of the land at £2,400,000,000—the taxable capital value. I estimate it myself at £6,000,000,000, more than double; we cannot judge as between us, but the value of the site of New York has been valued of recent years, every year, apart from all buildings, and the last valuation of the site of New York is over £1,000,000,000. Yet Mr. Trustram Eve suggests that the land value of the United Kingdom is only 2½ times as much

as the ascertained site value of one American city. Of course, that is a preposterous under-estimate. But even on that under-estimate, and taking his three-pence in the £ as the amount necessary to be levied for these services, he finds that the landowner or the user of this farm, the holder of the land, would, under this tax of 3d., pay £30, whereas he is now paying £20. Of course, if my estimate of value is right, instead of paying £30 he would pay £15, but I let that go by, because Major Craigie really gave the right and desolating reply to Mr. Trustram Eve, because he produced figures to show that of every £1 of annual land value over 15s. is due to capital expenditure, which will not be taxed. Major Craigie takes it at 15s., so that the annual value per acre of this farm is only 5s. Consequently, on that farm, instead of paying £30, as Mr. Trustram Eve suggested, he will pay something like £12 10s., on my rough estimate. There is virtually no land value according to Major Craigie, consequently the owner will virtually pay nothing. Out of the mouth of Major Craigie, who comes forward as a financial expert with all the figures at his command of great statistical authorities, I reply to Mr. Trustram Eve. Of course, that is the whole argument. I have brought forward and defended the proposition that the way to relieve agricultural production is by the transference of these burdens on to the great values of the vast cities. Then Mr. Eve goes on to say, what is unused land? Is there any unused land? Gentlemen, I am bold enough to say there is hardly any land in England which is used to its full extent. (Cries of dissent.) Very well; if that is not so, then I say the tenant farmers of England are an extraordinarily confiding body of men, and will do what no other capitalist will do, and which, as a matter of fact, they do not do. No man, under the present system, is going to embark his capital in the land on a yearly tenancy, with the possibility of that capital being confiscated by an increase in the rent of the land.

A VOICE: It has been going on for generations.

Mr. OUTHWAITE: Yes, and the land of England has been under-utilised for generations. (Cries of "No, no.")

Mr. LATHAM: We grow more per acre than all the rest of the countries put together.

Mr. OUTHWAITE: I say under the present system there is no security of tenure as against the possibility of a rise in rent as a result of the capital expenditure on improvements. I know you use the land of England magnificently, but I say you would do it infinitely better if the farmers had greater security. But the unhappy fact is that, while there is such progress made, according to your view, in agriculture, at the same time gentlemen come here and say that agriculture is overtaxed, that it cannot bear the burden laid upon it; and we have people pouring in their tens of thousands from the countryside, obviously clearly showing that there is something wrong. I hold that a system which does not guarantee to the man who puts his capital into the land that he will get the benefit, and not the landowner, is at the bottom of the evils which afflict us. Then Mr. Trustram Eve instanced the case of two plots of land, each of ten acres, one of which is foul with weeds and twitch on it, and one which is well used. He says, "How are you going to bring the foul land into use?" I say the present system encourages the owner of the derelict land to leave it in that condition. Mr. Trustram Eve says the land is of equal value. What happens? The man who uses his land well is penalised by way of rates for everything he does. The man who leaves it idle and unutilised does not pay such high rates. If, on the other hand, he is taxed on the value of the land, it will encourage him to let go that land, so that somebody can use it who wants to use it, or encourage him to use it himself so as to get a return to pay the taxes. I should think that was perfectly obvious. Then I want to say a word in conclusion with regard to Sir Graham Bower's remarks. Sir Graham Bower in one word scrapped Ricardo and all the economists. I do not think much of the older economists myself, but Sir Graham waved them all away and left us virtually with no economic faith. He went on to say, taking Australia, that it was not the community, the people coming there, who created the value of Australian land; that it was a man who introduced a good breed of sheep and the man who discovered gold. It was the discovery that the land was capable of the production of the best wool in the world that brought the population there. It was the coming of the population that created the value of the land; it was the

discovery of the gold by this convict, whom they flogged for discovering it. That is just like our present rating system. As soon as a man is of some advantage to the community they do not flog him, but they rate him, they fine him. It all comes to the same thing. It was the finding of gold in that it brought a quarter of a million people to one colony within the course of one or two years, that created the value of the land. They know that fact in Australia, and that is why they are taxing the value of land there because they believe it is a community-created value, and they also compel in this way the full utilisation of the soil. I know Australia well, and I say it is an absurdity that a hundred thousand men should have gone 14,000 miles from this country, last year, all the way to Australia, to work upon land, that only produces about 10 or 12 bushels of wheat to the acre, and should send that wheat 14,000 miles across the seas to the London markets, and that at the same time there should be such an under-utilisation of the land of England. (Cries of "No, no.") You may disagree, but I have seen with my own eyes land lying waste and derelict and under-utilised. (Loud cries of "Where?") I do not care where you go. I could take you within an hour's run of London and show you thousands of acres, to my mind, under-utilised. (Loud cries of "Where?") The land should not be held in farms of hundreds of acres within a few miles of the doors of London. That is where the smallholder should be. It is not altogether a farmer's question; this is also a landowner's question, and from the speeches that have been made, I see that I have been treading upon the corns of the landowners. I thought I was speaking to farmers alone, to men interested solely in production. That is the course my paper took; I wanted to speak on the question of production, as to how rating affected the production and the utilisation of the soil. I have no time to refer to the statements that have been made about my book beyond saying that although this question of rating may seem absurd to English farmers or landowners, with their old-established customs, I was very pleased the other day to get a letter from the Editor of the GRAIN GROWERS' GUIDE, of Manitoba, your competitors—asking if he might be permitted to publish the book in his paper, because the Canadian farmers and grain growers were realising what hardship it was to be taxed on their improvements and their capital, and were moving steadily forward to the rating of land values as already established in the towns and cities of Canada. I tell you, you cannot keep back this movement. It is a movement not only for the improvement of rating and taxation, but also of social conditions. Nobody here has supported the present system; my opponents themselves have not even paid it lip service, and only one gentleman has come forward with any other proposal, and that is the one discredited and discarded by the Royal Commission on Local Taxation, that of an income tax. That is impracticable, and, to my mind, it carries this detriment with it, that it taxes the man who uses his land to the greatest advantage, and who renders the greatest service. It taxes him on the rewards of his capital and enterprise, and leaves untaxed the man who may leave his land idle whilst the community is creating and maintaining its value. I have a minute more left, and I use that by thanking you for having invited me to come here to-day.

[This report is abridged from the verbatim report in the JOURNAL OF THE FARMERS' CLUB.]

JEWISH ALTRUISM.

(Leading Article, THE JEWISH HERALD, Melbourne, 22nd November, 1912.)

A few years ago the late Mr. Max Hirsch, well known as a writer on economic subjects and as a prominent member of the Single Tax League, delivered a very able lecture before our Maccabean Union, in which he dealt fully with the Mosaic land enactments, and demonstrated their wisdom in guarding, on the one side, against the accumulation of enormous estates in a few hands, and, on the other, against the impoverishment of the masses. We note that the appeal to the testimony of the old Hebrew legislation is now made a special feature of the propaganda of the movement, the

United Committee for the Taxation of Land Values (London) having issued a pamphlet containing a collection of all the Biblical passages relating to the subject.

Whatever attitude our training or associations may lead us to adopt towards this or that economic doctrine, it may be truthfully asserted in a general way that the innate tendency in the Jewish character towards justice and humanity, rendered keener by centuries of unmerited ill-treatment, inclines the race to be strongly attracted to systems and theories which claim to have the power of removing those glaring social inequalities which work so much evil and cause so much suffering. Judaism, indeed, in addition to its high spiritual ideals, has always aimed, through the medium of its great prophets, legislators, and rabbis, to make human life cleaner and happier, more sympathetic and brotherly; and the sentiments inspiring this aim have remained a racial heritage to the present day. We have already mentioned the names of some eminent co-religionists who have been in the forefront of attempts towards social amelioration. To these we may add that of another, Joseph Fels, who is still living and labouring unweariedly and unselfishly in the cause of humanity. Mr. Fels has earned a world-wide reputation for his enlightened as well as liberal philanthropy in many fields, but the object to which he chiefly devotes his abilities and wealth is, as an ardent disciple of Henry George, to spread what that economist called "the gospel of deliverance." A letter of his to the LONDON JEWISH WORLD, which we reprint elsewhere, shows the great importance he attaches to the Single Tax doctrine, and the strong hold it has on his thoughts and feelings. He has given the movement most generous material support, and, quite recently, with the object of augmenting its funds, he has offered to duplicate any sum contributed by others up to £20,000. We do not pretend to express any opinion as to the soundness or otherwise of the theory which he so enthusiastically advocates; nevertheless, the unstinted admiration, not only of his co-religionists but of all right-thinking persons, is due to a man who, with sincerity and single-heartedness, consecrates his powers and means to what he honestly believes to be for the advantage of his fellow-creatures.

NO ROOM!

A child is born in the city slum
To-day;
By the will of God its soul has come
This way.
The mother swoons on a squalid bed
At morn—
Swoons where the soul that God had sped
Was born.
The father toils in a sweating-shop
At noon.
He fears the worst, but he dares not stop
So soon.
A strong man weeps in a cheerless room
To-day—
Weeps till the twilight steals, in gloom,
Away.
A child has died and a soul has fled,
To-night,
Back to the realms where angels shed
Their light.
No room for the soul which God on earth
Had placed!
No room! While a land of priceless worth
Lies waste!

DOUGLAS P. BOATMAN.