



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 7325.

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THE KING'S SPEECH

"Land values are going up everywhere. The land-owners are fattening in their sleep. The local authorities are spending money on roads, schools, parks, housing, and all the amenities and necessities of a new residential district. A public debt is being created, rates are being imposed, and the landowner gets off with all the social value, given to his land by this expenditure. It is a monstrous wrong to the community. I have no patience with the complaints about heavy rates, so long as the people calmly submit to this legalized robbery. Instead of basing local rating on land values we tax the fruits of industry."—THE RIGHT HON. PHILIP SNOWDEN, in *Reynolds's News*, 29th January.

The New Year expressions of goodwill as the spur to good trade have not so far begun to take effect and those who professed to see the dawn of a new era are still at work on the baffling situation. The better spirit in industry and the greater desire on the part of capital and labour to co-operate in the solution of their problems has brought neither increase in trade, nor is there any sign of relief from the stress and strain of the depression.

It is well that the representatives of capital and labour should come together if only to get to know each other's hopes and fears. But the secret of prosperity is not to be found in any give-and-take principle that the council chamber permits. It must be found outside in the unlimited natural opportunities which the Creator of all things has so abundantly provided for the daily supply of man's needs.

The door to these natural reservoirs of new production (and "production is the mother of wages") is locked against labour and capital. Instead of straightway resolving to open it, our wise men meet and seriously deliberate on how best to find accommodation in the limited opportunities the injustice of the existing system allows. These are the elementary facts of the situation and while they prevail we cannot be very sanguine of any new development. This bottom wrong and the purblind leadership of those who tacitly defend it

is what has brought industry to the end of its tether. The business man knows that much of the struggle to-day is not for new business but to snatch it, one way or another, from his competitor at home and abroad; and this, as Carlyle would say, with millions of bare backs in England ready to be clothed.

Parliament opened for the Session on 7th February, and in the King's Speech it was declared that:

"The burdens imposed upon industry and agriculture by the present incidence of local rates have attracted the anxious attention of my Ministers. They are now engaged upon inquiries into the possibility of affording some relief from those burdens to the producing community and into changes in local government which would thereby be involved."

This should stand for a drastic and long overdue alteration in the law and practice that set bounds to municipal life and progress. The time has come to free our local governing bodies from the interference and control of any London office, and to relieve Parliament from all responsibility for purely local and parochial affairs. A new municipal charter must be granted, sooner or later, and the sooner the better, if Parliament is to do justice to its national and international concerns. It is the failure to realize the folly of keeping our local bodies in leading strings to the national government that more than anything else generates the apathy which is so marked a feature of our municipal politics.

Municipal improvement is of necessity governed by the local revenue available and here we come to the crux of the matter. The Prime Minister, in his letter to the Conservative candidate at the Middlesbrough by-election, wrote:—

"The Government are making careful inquiry to determine whether it is possible to effect a substantial reduction in the costs of production by easing the heavy burden imposed by local rates, without inflicting hardship upon other classes of ratepayers and upon the population generally."

The only known method that would mitigate the burden without inflicting hardship upon other classes of ratepayers is land value taxation. Is this what Mr Baldwin means? We are not oversanguine. The Conservative Government of 1923 in the King's Speech made almost identical professions which were translated at once into the Agricultural Rates Act, in other words, into landlord endowment; and from the present administration have come subsidies, doles and protectionist tariffs. The statement in the King's Speech opening the present Session that "the burdens on agriculture" call for attention, and the hints let fall by Mr Baldwin and Mr Churchill that money must first be available, convey the impression that both agriculture and the distressed areas are to be helped by grants from the Treasury. If that is in the scheme of things, and land value taxation is cast aside, matters will only go from bad to worse.

In a page devoted to "The Week in Parliament," the *Spectator*, 25th February, says:—

"Trade is not too good. And the condition of the heavy industries not only fails to improve, but in

the case of coal and cotton gets steadily worse. There is an impression, not confined to the Opposition or, indeed, to the House of Commons, that the Government has failed to grasp the elements or the gravity of the industrial problem."

Another cry of despair comes from the Chairman of the British Chamber of Commerce, Sir James Martin. He complains:

"I have before me the rates levied in various towns for the year 1926-27, which is compiled by the Borough Treasurer of Preston, whose work in this connection is well known. Upon summarizing the returns which he has given for 259 towns, I find that:—

"In 12 cities and towns the rates are 20s. in the £ and upwards;

"In 73 cities and towns they exceed 15s. in the £ but are under 20s.;

"In 157 cities and towns they exceed 10s. in the £ but are under 15s.; and

"In only 17 towns out of the whole 259 are the rates under 10s. in the £.

The National Union of Manufacturers desire a Royal Commission to investigate the whole system of local administration urging that "it is of vital importance that steps should be taken without delay—whatever the method—to give British industry a chance of recovering its prosperity by reducing the constantly increasing demands made upon it for public purposes." In his reply, the Minister of Health says he does not think a case for a Royal Commission is made out and informs his friends that "the rates raised in England and Wales for the relief of the poor and connected purposes rose from £11,700,000 in 1913 to £31,400,000 in 1925-6. Excluding rates for the relief of the poor, the total rates per head, corrected for prices, was in 1913-14, £1 12s. 3d., and in 1925-26, £1 14s. It will be seen," he adds (making the necessary allowance for the increase of prices), "that a careful analysis of the rates is necessary before conclusions can be drawn from the figures." The figures supplied by the National Union of Manufacturers were taken from a statement issued by the Ministry of Health to the effect that between 1913-14 and 1926-27 the total receipts from England and Wales had gone up from £71,000,000 to £159,000,000, or 124 per cent. These perplexing statements recalls Mark Twain's advice to the experts of his day, "Secure your figures, gentlemen, and you can distort them at your convenience."

We welcome this all-round agitation on the oppressive and growing burden of the rates. But it is not the amount but the method of raising the rates that is iniquitous. The vast and growing sums levied on improvements year in and year out reacts on the building trade. And public expenditure begets a vicious speculation in land values which in turn accounts for overcrowding and slums. This is how the present rating system operates and while it lasts what can be done to arrest the onward sway of its devastating incidence?

The demand that the State shall take over a part of the cost of local services (or, as it is generally stated, services that are in their nature national and not local) seems to take it for granted that

there is no alternative. The view that the resources of our local bodies are exhausted is absurd on the face of it. The market value of the land is an untaxed value; it escapes any levy however high local rates may be. It is an ever-growing source of revenue, specially designed to meet the needs of a growing population. Why is the existence of this public purse so persistently ignored by those who, from the high places in industry and politics, agitate and plan for a new distribution of the burden? The answer must be the powerful and dominating interest that shelters and protects the land speculator. As Mr Snowden has well said: "A public debt is being created, rates are being imposed and the landowner gets off with all the social value given to his land by this expenditure. It is a monstrous wrong to the community. I have no patience with the complaints about heavy rates, so long as people calmly submit to this legalized robbery."

The taxation of land values is in the front rank of measures that are of immediate importance. It has the support of hundreds of local Rating Authorities, and within the British Empire and outside there are working models of the system that no honest and well-informed citizen can afford to ignore. The policy can be applied at any time, in any rating area, and it is not dependent for the breath of life on any grant from the National Exchequer. These are qualifications that should commend the scheme to any economist and to all who declare they are not against improvement if the money is available. In the taxation and rating of land values, which would place no burden on production, there are vast untaxed sources of public revenue; and what is more to the point, the economic effect of the policy would be the freedom necessary to give life and movement to industry in every direction.

Social research is given over to garish schemes which assume a freedom that does not obtain. They speak as a rule for additional burdens on industry, subsidies, nationalization by purchase on a grand scale and therefore never come within the range of practical politics. The latest demand put forward by this school of easy thought on social problems is for an Economic Council of experts to advise, if not to direct, the industry of the country into more prosperous channels. But what can such a Council do for industry that is not now being done, unless it challenges the economic barriers that everywhere stand in the way of production?

The merit of the land value policy is that it will, as Mr Snowden affirms, open the door to municipal freedom. It is not the better spirit in industry that will solve industrial problems; it is the solution of the problems that will bring the better spirit.

J. P.

We convey our cordial congratulations to our friend Mr J. R. Firth on his election for a second term of office as Mayor of Strathfield, Sydney. He will be glad to know that his pamphlet, published by the United Committee, *Land Value Taxation in Practice* is in constant demand as an authoritative statement on the Sydney rating system.