

have continued in operation until the commencement of this Act.

The first of these additional sub-sections is explanatory, and avoids the need of inserting a reference to Section 96 (2) of the Act of 1910. The second is retrospective, but *only* for the purpose of bridging the gap in the continuity of the information supplied to the Valuation Department. This is a very different thing from retrospective action as regards taxation, like what was done by Section 25 of the Finance Act, 1921, which, "for the purpose of removing doubts" as to whether certain reliefs from income tax had continued in force, decided the question retrospectively against the taxpayers (*see* the terms of the section and the discussions upon it in 143 H.C. Debates, 739-762 and 144 *ib.*, 2078-2087).

Introduction of Land-Value Taxation

Still more important is it (in the next Finance Bill if possible) to provide for the valuation of land-values throughout Great Britain by the Valuation Department, coupled—for a beginning—with an annual tax of 1d. in the £ of capital land-value, equivalent to about 2s. in the £ on 4 per cent. of capital land-value. This step would inaugurate the taxation of land-values, and would prepare the way for the transference of rating to land-values at a later date.

The Late Government's Rating Bill

The King's Speech of the late Government made, in the "omnibus" clause, a reference to a Bill for the reform of valuation and rating, which is evidently the draft Valuation and Rating Bill for England and Wales, which was circulated to Local Authorities last autumn and was described in *LAND & LIBERTY* of October, 1923. That Bill was designed to alter the machinery of valuation, without in any way amending the standard of valuation, which is much more important. The first need is a valuation of land-values throughout Great Britain; and the Valuation Department is quite equal to making it in a comparatively short time. Then, when we have these valuations and a national tax on them, we shall see our way more clearly to take steps for the transference of rating to a land-value basis, and to provide for any co-ordination of the valuation authorities that may be desirable.

Writing on the Capital Levy in the *WESTMINSTER GAZETTE*, 17th December, Mr. Hartley Withers, late editor of the *ECONOMIST*, says:—

"It may be, of course, that we shall some day devise some system of accumulating capital without appealing to the private investor."

If the "we" here means the nation the answer is that in the communal value of the land is to be found the fund available for public needs and that when, and as, it is looked at in that light we see clearly how the legitimate earnings of industry will be set free for so much development. The Taxation of Land Values is no "dangerous obstacle to the saving habit."

* * *

Woe be to the man who makes an improvement, or does anything to add to the prosperity of the country, for his taxes must be increased.

Blessed be the man who holds land for extortion, who makes no improvement, for if population increases in that location he shall win a fortune. When idle extortion wins a fortune, industry loses a fortune.

In the centre of Toronto, the value of the land has increased TEN thousand fold in the last hundred years. The fortune of the owner has multiplied 10,000 times, the debt of industry has multiplied 10,000 fold. Industry gets all the burden and land monopoly gets nearly all the benefit.—*W. A. Douglass.*

THE NEW POLITICAL ECONOMY

By John B. Sharpe

(Being extracts from the address of Mr. John B. Sharpe before the Young Men's Civic Club of Pittsburgh, Pa., published as a pamphlet* and twice reprinted by the United Committee. This statement of the case for the Taxation of Land Values has been received with gratitude by the many who seek to teach its lessons to others and it has proved one of the most useful and popular of our pamphlets. We commend it again to our readers for its simple and clear explanation, its apt illustrations and its brief but convincing presentation of the whole argument.)

Property in things which are the product of labour, and property in land, rest upon widely different principles. That sacredness which attaches to property in the products of human labour, the fruits of human exertion, has never attached to property in land.

We carry the principle of the sacredness of private property, in its true forms, so far as to declare that what a man produces is his by so infeasible a right that no government, even, can justly take from him one jot or tittle of it to defray the expenses of the community, so long as there is a value created by the community, such as the rental value of land, which may be applied to that purpose. It is the fundamental vice of socialism, that in determining the right of the community to control the means of production, it fails to distinguish between capital, or property in the products of labour, and property in land, and stands for the sovereignty of the state as against the sovereignty of the individual in the sphere of individual action.

Man is a bundle of wants and desires, he is also a bundle of muscles and nerves adapted in their organization to produce the things necessary to supply those wants and desires. That which he draws forth or produces from the storehouse of nature through the instrumentality of the one, he has a right to apply to the satisfaction of the other. His right to it springs from his right to himself, and it should be his as against all the world.

But no man made the land; it is the free gift of God—or Nature, as you will—it was intended for man—not some men or a few men, but for all men. It is the reservoir from which all wealth is drawn. Man himself springs from it, is nurtured by it, must live upon it, and without it cannot live at all. The right to land is as sacred as the right to existence itself. It is a common, equal, and inalienable right, and cannot rightfully be bartered away by princes or parliaments.

These fundamental principles, which form the moral or philosophical basis of the theory, accord with, indeed are but corollaries from the "law of equal freedom," which is the law of social equity, or, as Spencer calls it, "the law of right social relationships." This law of equal freedom—for the maintenance of which governments are instituted and alone justified—declares that every man has the freedom to do all that he wills, provided he infringes not the equal freedom of any other man. But if some men may seize upon the bounties of nature and deprive other men of access to them, except on condition of yielding up a share of what they produce, in exchange for the mere privilege of producing, the law of equal freedom is violated; and is so, whether such right of dominion be privately arrogated and enforced or be conferred and maintained by the power of the state; for there are certain rights that inhere in the individual and are anterior to the state—the right of freedom of access to the means of life provided by the Creator being the most vital and

* *THE NEW POLITICAL ECONOMY.* By John B. Sharpe. Price 1d. Special terms for quantities at 5s. per 100 carriage paid. Send orders to the publishers, the United Committee for the Taxation of Land Values, 11, Tothill Street, London, S.W.1.

fundamental of these. On the other hand, the true right of property, that right which justly may be asserted as to things produced by labour, and which is felt, if not always acknowledged, even by the veriest savage, is violated by the private appropriation of rent, since it empowers some men to share in the fruits of other men's labour without performing any service in exchange.

Not only have all men an equal right to land, but as we have already seen, the value which attaches to land in civilized communities, and which makes city lots worth hundreds of pounds a foot front, attaches to it by reason of the growth and general progress of society. It does not result from any effort on the part of the individual owner, for we see that it attaches to land, often in the highest degree, upon which the owner has never done anything. The right of the community to this value is clear and indefeasible.

Now do not infer that we have any quarrel with land-owners as individuals; landlords are not a whit more responsible in this matter than are other members of society. The private appropriation of rent is not an individual wrong, it is an institutional wrong, and if I speak of landlords in the course of my discussion it is merely for convenience of statement and presentation, not that we bear them the slightest antipathy. It is the institution that we arraign, not the individual.

Nor is rent in itself an evil. Those deplorable tendencies and wretched social conditions, the origin of which I have tried to indicate, do not spring from the existence of rent, but from the private appropriation of rent; from the giving to some men of the power to charge other men for the use of what nature intended for all.

Rent can no more be abolished than can the force of gravitation. It springs from the very nature of man and his relation to the earth; the evil which is associated with it arises from its perversion.

To remedy this it is proposed to abolish all taxes upon labour and the products of labour, and upon commerce and the processes of exchange, and to concentrate all taxes upon the value of land, thus relieving industry of the unjust and oppressive burden it now bears, and restoring to labour through forms of public expenditure that share of its product of which it is now unjustly deprived. And this, it is shown, can be done without creating any new machinery of government or disturbing the existing order of society.

The effect of this would be to throw open to labour vast natural opportunities now held out of use for speculative purposes, while it would cause those who continued to hold land to put it to a productive use. There would be no inducement to hold it for speculation, for as rapidly as the value of land increased so rapidly would it be absorbed by the increased tax. Thus no one would care to hold land unless he wanted to use it.

As a result, labour would be able to obtain free access to natural opportunities of much greater productiveness than are available to it under existing conditions. And since the rate of wages of common or unskilled labour depends upon this margin of production, rising as it rises and falling as it falls, wages would be proportionately increased. And to raise the wages of labour of the lowest class would be like lifting the base layer of a pyramid—it would raise all other wages.

The revenue from the taxation of land values being ample to defray all the expenses of government, and labour and the products of labour being exempt from all taxation, would leave to the labourer the full reward of his exertion.

The rent paid to the community, in the form of a tax, by those who monopolized valuable land, would simply express the value of the superior opportunity which they were permitted to enjoy to the exclusion of others who had an equal natural right to it, and, in addition, would serve to secure among labourers an equality of advantage.

The tax upon land values would stimulate improvements, owners would seek to put land to its fullest and best

use. There being no taxes upon improvements or commodities, houses and all commodities would be cheaper. A tax upon houses, or anything that is the product of labour, increases their price, and is paid by the user or consumer; while a tax upon the value of land decreases its price, and is paid by the owner. This very important distinction, this difference in the incidence of taxation, should be constantly borne in mind. To ignore it is to fall into a common error that vitiates so much reasoning upon the subject of taxation.

Private dominion invariably began in force or fraud, and the power which it subsequently gave was used to confirm possession and legalize the wrong, while the lapse of time and the increasing complexity of the social organization tended to conceal the injustice. Mechanical invention and the development of the arts and sciences have so transformed industry, complicated its processes, and diversified the production of wealth, that the equal right to land has not only been obscured, but the primitive methods of securing it rendered impracticable. We cannot divide the land and give to each one his share, and even if this were possible, the child born to-morrow would have a valid claim that would have to be met. Some portions of the land also being more productive or desirable than others would give to some an undue advantage; but even if we could equalize advantages, the shifting population would soon produce inequalities in value, for in civilized communities it is the presence of population that gives value to land; while influences which are ever at work under commercial conditions would soon shift it back into the hands of the few. And further, in order to obtain the best results, to develop organization and stability of industry, security of possession must be had.

Now the means which we would adopt—the appropriation by the community of the rental value of land by taxation—would not only secure to every one his right in the land, but would secure it in a manner consistent with its best use; all would share in those values which are the product of communal growth and progress, while equality of advantage would be maintained in the use and enjoyment of the bounties of nature.

Under this system of economic equity the wealth produced would find a just distribution.

Competition, being truly free as a consequence of the free interplay of natural forces governing the exchange of services, would, in the sequence of economic law, become co-operation. The individual in pursuing his own good would be working out the good of society, the social structure would find its basis in economic justice, and the harmonious development of moral and material progress would be assured.

And now, in conclusion, may I not bespeak a further and fuller consideration of this doctrine, of which I have given you but a brief and imperfect outline? Above all, do not disregard it simply because it would supersede what is old and established. "Wrong," says Lowell, "wrong, though its title deeds go back to the days of Sodom, is by nature a thing of yesterday. While the right of which we became conscious but an hour ago is more ancient than the stars, of the essence of Heaven."

Tens of thousands of users of wireless receiving sets all over the country are affected by a battle which is now being waged between Birmingham landlords and local tenants' associations. Landlords, it is stated, are making an attempt to put up rents of houses where a wireless set is installed, and already hundreds of cases have been brought to the notice of the tenants' associations.—*SUNDAY EXPRESS, 6th January.*

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