

Frank Stephens, to stay with us a year, and to do for this State what Mr. White did for Missouri a year ago in behalf of a kindred reform, Direct Legislation. With three-fourths of our population within ten miles of the State house, all linked together by trolley lines, the opportunity for educating the voters is extraordinarily good; during the Summer by out door meetings, during the autumn by campaign rallies and pledging of candidates, and during the winter by addresses before granges, labor unions, business men's associations, women's clubs, church clubs, and legislative committees.

If at the January session of the Legislature a permissive bill is passed, then it will be a comparatively easy, but all essential, matter to induce several of the cities and towns in the Spring of the year to exempt from taxation personal property and improvements. That accomplished, and the removal of the burden of sustaining government from the back of industry would be only a question of time—but a few years in my opinion. One manufacturing city in Rhode Island, taking half of its ground rental values for public purposes and placing no tax upon wealth, will be the most instructive object lesson the world has thus far seen. LUCIUS F. C. GARVIN.

LONSDALE, R. I.

MISERY and rags are only human ignorance or idleness out on exhibition, said Horace Mann. This is true, but in a profounder sense than the great educator imagined.

HERE is something that Henry Labouchere said years ago. It was astounding doctrine then; it is more familiar and commonplace now. "Labby" was a sort of Ishmaelite, though one feared and respected, nevertheless, by his opponents.

"But with regard to the landlords," he said, "we may take two courses—buy them up or let them rot where they are. As a taxpayer I object to buying them out. My advice is to let them rot. I don't know what use they are, and besides it is their turn. All Ireland has rotted under their sway. But, by the way, if they don't like rotting, there is one thing they might do—work for their living."

NEWS—FOREIGN.

GREAT BRITAIN.

DOVE'S PROPHECY AND COBDEN'S WARNING
—THE BUDGET PROVISIONS—LORD ROSEBERRY IN A PANIC—THE ENEMY NOW FIGHTING IN THE OPEN.

Seventy-four years have passed since Patrick Edward Dove in writing on "The Theory of Human Progression," stated that "The evil is expressed in a few words; and sooner or later the nation will appreciate it and rectify it. It is," said he, "the alienation of the soil from the State and the consequent taxation of industry." The words, by a fore-runner of Henry George, are brought to mind by the fact that the questions of Land and Taxation are being discussed wherever Social Reformers are gathered together. The significance of these words of Dove is being understood as never before.

The Tory party has failed to profit by Cobden's warning given a few years subsequent to Dove's prophecy.

"I warn them (the aristocracy) against ripping up the subject of taxation. If they want another league at the death of this one—if they want another organization and a motive—then let them force the middle and industrial classes to understand how they have been cheated, robbed, and bamboozled."

In the hope, no doubt, of side tracking the policy of taxing land values the Tory Party took up the question of tariff reform—another name for protection—with the results that large numbers of Free Traders have had to look about for an alternative policy. The persistence of these tariff reformers has forced large numbers of people to look into our proposals; and as a result, public opinion has been so far enlightened that today Great Britain is the "Storm Centre" of the world-wide fight for the Taxation of Land Values. Everywhere throughout Great Britain this question holds the field in political controversy.

It is around the Budget of 1909 that the fiercest political battle of modern times is just beginning to rage. Before it has ended, I venture to say that the men of

this generation will agree that it has surpassed in intensity and bitterness every other political encounter of which they have had personal experience.

To Single Taxers, this Budget is what Henry George might have termed "a lark's note in the dawn." To use a quaint expression, the Budget had only been "opened" the day before my last letter was mailed so there was no time to examine its proposals sufficiently to justify one in expressing an opinion on it; nor to give you the opinion of our friends here.

On April 30th our United Committee held a meeting and unanimously carried the following resolutions:—

"That while reserving detailed criticism of the taxation proposals made by the Chancellor of the Exchequer until definite information is available, the Committee welcomes the decision announced in the Budget to provide machinery for a complete valuation on a capital basis of all land in the United Kingdom, but expresses regret that the Budget does not contain a proposal for a uniform and general Tax upon Land Values."

It is safe to say that no Budget was ever looked forward to with so much expectation and fear. The more the nation gets to understand its provisions the more popular it becomes. It is receiving enthusiastic support on the one hand, and bitter hostility on the other. The enemy sees in it the beginning of the end.

"This is a war Budget" said Lloyd George, "It is for waging war against poverty and squalidness. I cannot help hoping and believing that before this generation has passed away, we shall have advanced a great step towards the time where poverty and wretchedness and human degradation which always follows in its camp shall be as remote from the people of this country as the wolves which once infested its forests."

Though the Budget provides for no tax which could be reasonably expected to abolish poverty, it does contain proposals which necessitate a complete valuation of all land, urban, rural and mining.

It will therefore lay the foundation on which to build a system of taxation which will, we believe, "abolish poverty and the

fear of poverty." As Crompton Llewellyn Davies has pointed out:

"The universal valuation, and the levy on the value of undeveloped land, will be the first step on the straight road to the freeing of the land, and, therefore, the freeing of industry. The valuation will indicate the national fields of employment, which are, at present, neglected or deliberately closed, and the levy of a tax on the undeveloped land and mining rights will secure that those sources of wealth shall be freed, and those fields of employment opened."

Perhaps the Chancellor of the Exchequer hoped to allay the opposition by not imposing a straight and general tax on land values and so secure a complete valuation. In that case his judgment was probably faulty, for whilst the three land taxes are not likely to rouse as much enthusiasm as a universal tax would, it has aroused all the opposition that such a tax would have provoked; and it has created many difficulties which a universal tax would have avoided.

Briefly the land clauses of the Budget are:—

Three new land taxes are proposed: (1) A tax of one fifth or 20%, of the increment of value accruing to land from the enterprise of the community or the landowner's neighbors. This will not be retrospective. Beginning with the value of land now, the duty will be charged upon the increased value when it is sold or passes upon death.

(To yield £50,000 in 1909-1910 and much more in succeeding years.)

(2) An annual duty of a halfpenny in the pound on the capital value of undeveloped land. A tax of a halfpenny in the pound on ungotten minerals, calculated on the price which mining rights might be expected to realize if sold in the open market at the date of the valuation. All land having a purely agricultural value and parks to which the public are allowed access will be exempt.

(To yield £100,000 in 1909-1910.)

(3) A ten per cent. reversion duty on any benefit accruing to a lessor on the termination of a lease.

(To yield £100,000 in 1909-1910.)

To give the definitions and exemptions

would take up too much space. I may, however, point out that the Finance Bill which is to provide machinery for giving effect to these proposals provides for a valuation every five years.

When the Finance Bill was up for discussion Mr. Austin Chamberlain was put up by the opposition to move an amendment. The Lord Advocate (Mr. Ure) was selected to defend it, by the Government.

Mr. Ure delivered a brilliant defense as may be seen from the following quotation from one of the leading weekly newspapers:

"Mr. Ure, who is now Lord Advocate, is, or was until Monday, better known in the country than in the House. He has been recognized all over the island as a magnificent platform advocate of Free Trade and of land reform—and on Monday his speech on the Finance Bill put him in the very front rank of Parliamentary debaters. I have seldom heard anything more effective than his answer to a question originally asked by that pretentious person, Mr. B. Law, and repeated later by a much abler man, Mr. Harold Cox. The question was: "What is the prairie value of a Lord Advocate on the top of a Scottish mountain?" There were yells of laughter each time the question was put—but Mr. Ure had the last laugh, and that is the best, as we all know.

For he said that the prairie value of a Lord Advocate in such surroundings would be nothing, but he went on to add if a busy and litigious people were to collect in the neighborhood, he would have a value if he used his brains and worked hard. In regard to land, or much of it, its value had been made by the sleepless activity of the surrounding population, and all the Chancellor of the Exchequer said was—"Here is a value created by the population—give me a contribution in proportion to it." They were laying the burden on broad backs able to bear it, and relieving backs less able. As to the rich leaving this country, all that talk was the merest nonsense. They could not find any other land in which they could have so good a time or in which they could get so good a return for their money. Later on in the same debate that extremely able young lawyer, Mr. Hem-

merde, put the case for the Budget in this effective "tabloid" form—"the question is whether people shall be taxed according to the size of their stomachs or the size of their pockets."

Mr. Hemmerde, K. C., M. P., also delivered a very fine speech in defense of the Budget.

The vote on the second reading was as follows:—

	For.	Against.
Liberals	341	0
Labor Members	27	0
Unionists	0	152
Nationalists	0	59
	368	211

A few days later a number of Whigs who were opposed to some of the provisions of the Finance Bill united to offer opposition. It was reported that about sixty Whig-Liberals were opposed to certain land clauses of the Budget, which, with the opposition of the Irish Nationalists, made the position of the Government look very insecure.

Directly this opposition came out into the open Mr. Wedgwood and other Radical M. P.'s began to organize with a view to urging the Government to stand by the Budget. Meantime the Prime Minister invited the dissidents to meet him, when, it is reported there was some straight talk. The Prime Minister made it clear that he intended to stand by his colleagues and the Budget.

Some very slight concessions were made, but, as these will not deprive us of the one strong feature of the Budget (valuation) we are full of hope and thankfulness.

There is ample reason for this, for, as Mr. Ure has put it, "I don't think that you will realize the greatness of this Budget—how radically it is a people's Budget—until you have considered what the alternative Budget would be."

Lord Rosebery, if he ever was a Liberal has ceased to be one now. He appears to be very much alarmed at certain flaws in our constitution. He has characterized the Budget as "not a Budget but a revolution, a social and political revolution of the first magnitude. It is obviously in-

tended as one. It is one on the face of it. I am not concerned with the merits of this one, but the feature of the case which impresses me most is this: It will be effected, if it is effected, without the participation of the country, indeed, having the least pretence of a voice in the matter. It will be carried over the heads of the people by a majority of the House of Commons without the faintest desire or attempt to ascertain the views of the people on the vast changes projected." Lord Rosebery, no doubt, like Mr. Balfour, would like the Lords to reject the land clauses of the Budget.

† On June 24th a luncheon was given in the King's Hall, Holborn Restaurant, London, by the various land reform associations, including, of course, the United Committee for the Taxation of Land Values

The Prime Minister and the Chancellor of the Exchequer were the guests.

Just two years have elapsed since a similar luncheon was held there when Sir Henry Campbell-Bannerman was the guest. On this occasion Mr. Asquith (the Prime Minister) delivered a good fighting speech, and his reply to Lord Rosebery was much enjoyed by those present. The Single Taxers present included Mr. Fels. He, like the rest of us, came away satisfied that the Government intended to stand by the Budget—including the general valuation.

The United Committee of the British Leagues for the Taxation of Land Values has every reason to be gratified at the progress of the cause. We are, of course, greatly indebted to Mr. Fels for his generous financial support, without which our work would have been very much limited and less effective. Henry George was always anxious to see the enemy come out to fight in the open. They have done so now. Papers which are not supporting us are opposing us in fine style, and one often regrets that Henry George is not here to see and take part in the fight.

As an example of the opposition we are meeting with in the press let us quote from the *Daily Telegraph* of June 28th as follows: "The methods of Mr. Lloyd George are borrowed from the blackmailer; the latter begins with small extortions, trusting to his victim's weakness and hatred of a fuss and knowing that when the first

hush money has been paid the quarry is in his clutches, never to escape until the last penny is taken, or until he summons up courage and does what he should have done at first—kick his persecutor out of doors or hand him over to the police. It is now or never; either these iniquitous proposals must be strangled in their infancy, or that credit which is the life-blood not only of the city and the wealthy, but of England and the Empire, will be irrevocably doomed to disappear."

The Tory Party have formed an Anti-Budget League. This has tended very much to strengthen the Government, for, in self defense the Liberals have formed a very strong committee to carry out a vigorous campaign in support of their Budget. Many of those Liberals who were kicking a few days ago have actually joined this new Liberal Committee. Public opinion has brought them into line. It is wonderful what feats politicians can perform under pressure of public opinion.

The United Committee is preparing to do its part in the great struggle on which we are just entering.

Arrangements are being made by it for holding meetings and distributing literature in the Parliamentary Divisions represented by those Liberals who are known to oppose our principles; which doesn't look much like being tied to the Liberal Party.

Our first great meeting is to be held on June 28th at the Alexandra Palace in North London. The Lord Advocate will be the principal speaker with Mr. Percy Alden, M. P., in the Chair.

When Mr. Ure stepped on to the stage of the large theatre at Alexandra Palace last night, June 29th, he received a magnificent reception from a densely crowded house, which cheered again and again. The speech delivered by the Lord Advocate called for round after round of applause. There was no doubt that the proposal to Tax Land Values was exceedingly popular.

A resolution thanking the Lord Advocate for his eloquent and convincing speech and expressing the opinion that "land values are a proper basis for rating and taxing," and, "that there should be no

weakening of the land clauses of the Budget," was carried with great enthusiasm.

F. SKIRROW.

SOUTH AUSTRALIA.

THE TAXATION OF UNIMPROVED LAND VALUES FOR STATE PURPOSES—A REVIEW OF LEGISLATION—TAXATION OF LAND VALUES TOO LOW TO BE EFFECTIVE.

To South Australia belongs the honor of being the pioneer State to adopt the principle of unimproved land values in the Southern Hemisphere, the first Taxation Act dealing with these values being passed in 1884. Although but a small tax was imposed, it was a uniform one of a half-penny in the £ on all unimproved land values in the State, the only exceptions being:

I. Land of the crown which for the time being is not subject to any agreement of sale or right of purchase.

II. Park lands, public roads, cemeteries and reserves.

III. Land used solely for religious or charitable purposes, or by any institute under the provision of the institute act.

"Unimproved Value" as applied to any land was defined as "the actual value of any land less the value of all improvements, if any, on such land; or, to put it shortly, the amount for which such land would sell without visible improvements."

The tax was at the rate of $\frac{1}{2}$ d. for every £ sterling; the unimproved value was the taxable value thereof, and the taxpayers in respect to the land tax were the owners of the land taxed.

In initiating this method of taxation both private and official estimates of all alienated lands were forwarded to the Taxation Office where they were duly compared and checked. The comparison revealed that many of the former estimates were below their true value, while others (mainly dealing with country lands, whose owners had practically subdued the wilds) being uncertain of the real value and unwilling to risk the penalty attached to a false return, decided to err on the safe side and sent in excessively high estimates. These

and other anomalies inseparable from the installation of an entirely new method of taxation were however, finally adjusted, and the Commissioner of Taxation in a report sent to Lord Elgin in 1906 dealing with the "Working of Taxation of the Unimproved Land Values in S. A." stated "that the early difficulties connected with the administration of the Land Tax have gradually disappeared, and it is now thoroughly engrafted on the State system of revenue, being well understood by the bulk of the public and working with little or no friction, the tax paid freely and well at due date, both direct to the Taxation Office and at local post offices where payments are received for one month only; a system of collection, which judging by the number of people who avail themselves of it, is popular." This simple method of remitting enables the tax to be collected at a minimum cost and a minimum of evasion, (comparing very favorably in these respects with other forms of getting revenue.) thus adding to the many advantages accruing from raising the public fund from its natural source, the land values.

In 1894 another taxation measure, the Additional and Absentee Taxation Act, was passed, which imposed an extra $\frac{1}{2}$ d. in the £ on all values over £5,000 and 20 per cent. on, and added to the taxes payable by absentees. The following table shows how this impost has varied:—

1885 to 1894—one half-penny in the £ on unimproved value.

1895 to 1902—one half-penny in the £ on the unimproved value, and a further tax of half-penny in £ on values above £5,000, with Absentee Tax 20 per cent. extra.

1903—Three farthings in the £ on unimproved value, and a further half-penny additional from £5,000, with Absentee as formerly.

1904—One half-penny in £ on unimproved value, and one half-penny extra above £5,000 (the extra tax of 1903 not re-imposed). Absentee as formerly.

1905—Three farthings in £ on unimproved value, and three farthings extra above £5,000, the Absentee 20 per cent. on total.

1906—One half-penny in £ on unim-