

LAND VALUES

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"OUR POLICY"

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual.—
Henry George.

THE MASTER PROBLEM

The continuance and development of life depends on the extent to which the people can use the land, which is both their home and their storehouse. If cut off from it, they perish; if debarred from a fair share in it, they are stunted and impoverished; and their full and well-balanced development is possible only under a system where their rights to the land are just and equal. These rights to the land are as fundamental as the rights to life and liberty, with which they are indissolubly connected; for the right to life implies a right to the means of living, and liberty begins with a recognition of the right to use what Nature has provided for the satisfaction of our wants. These rights are inherent and inalienable; the recognition of them is of the first importance; and they ought to be enforced at the earliest possible moment, any law, custom or usage to the contrary notwithstanding.

In practice, therefore, the master problem of economics is to determine the true relation of the people to the land, including in this expression both the land itself and all that naturally pertains to it. This problem is at the root of the production of wealth, because all wealth is ultimately obtained from the land. It is at the root of the distribution of wealth, which in large measure follows, and is bound to follow, the distribution of the sources from which wealth is derived. It is at the root of all social and political questions. To the economic interpretation of history, we must add an economic understanding of the existing discontent and unrest, and an economic remedy based on the principles of justice.

The only practicable way of enforcing the equal right of all the people to the land is to treat the land as their common property. In so far as it is utilised by them in their collective capacity, or can be made the subject of their common

use or enjoyment, no difficulty would arise. Where the land is in the hands of private persons, the people as a whole should be regarded as the super-landlord, and their right to the land should be enforced by requiring those who hold it to pay a rent or tax for it, this rent or tax in each case being based on the market value of the land apart from improvements, and being payable whether the land is used or not.

The adoption of this policy would enforce the public right to the land in the simplest and most effective way. It would secure to the people the value which attaches to the land in consequence of their presence and demand for it. The policy would provide public revenue without burdening industry; for in any case the value of the land materialises into rent, and the only question is whether it should be treated as public or as private property. Moreover, if the rent or tax were based on the market value of the land, and had to be paid whether the land were being used or not, the holding of land without using it would become a losing transaction; because it would not only mean as at present forgoing a possible gain, perhaps with a view to getting a larger gain later on, but it would mean actual out-of-pocket payments, without reasonable hope of recoupment, except by putting the land to use. Thus the economic pressure would cause those who are holding land without making adequate use of it either to use it themselves or to pass it on to others, so making more land available for use; while at the same time the development of it would be promoted by enabling the improver to reap the full benefit of his improvements.

Contrast this plan with the present system of taxation, which lumps together the land and the improvements as a single subject, and taxes that subject on the basis of what it is producing in its existing condition. Under this system, the more a man develops his property the more he has to pay, the less he develops it the less he has to pay, the unproductive retention of land is encouraged, and the making of improvements is penalized. Under the proposed plan, he would have to pay the same amount, based on the value of the land alone, whether he developed the land or not, the unproductive retention of land would be penalized and the making of improvements would be encouraged.

This plan has already been adopted with success in other parts of the Empire. In Australia and New Zealand the holders of land are required to contribute to the State according to the market value of the land that they hold, apart from the improvements. In Sydney and various other centres in both Australia and New Zealand, in Johannesburg and other towns in the Transvaal, the valuations for local rating are based on the market value of the land alone, and houses, shops, factories and machinery are rate free. In the Northern provinces of Nigeria the land has been formally

vested in the Governor for the benefit of the people, and lands are leased by the Government to natives and non-natives alike on what is practically a perpetual tenure, at rents which are revised every seven years and are based, both originally and at each revision, on the value of the land apart from the improvements.

The same policy ought to be applied here, in a bold and systematic way. The first step is to impose a national tax on land values with provisions for the making and revision of the valuations by a central authority. This tax, which would be in the nature of a national land-rent, should in the case of each property be treated as a first charge on the land, and the State—like a private landlord—should be entitled to resume the land if it is not paid. Where different parties have interests in the same land, they should be called upon to contribute to the tax on it in proportion to the values of their interests, and provision should be made for safeguarding their mutual rights. The land-value tax should be co-ordinated with the income tax under Schedules A and B by providing that anyone who has paid any land-value tax on a property for the year should be entitled to the remission, up to a corresponding amount, of any income tax which he would otherwise have to pay on the same property for the same year under these Schedules. When the new tax is in working order the new valuations should also be made the basis of local rating, which would then be levied on the market value of the land, leaving houses and other improvements rate free.

To shift the burden of rates and taxes to the value of land would open up new opportunities, for, as Henry George has said, "Under this system no one would care to hold land unless to use it, and land now withheld from use would everywhere be thrown open to improvement." Improvements of every kind would be stimulated by the untaxing of them which, again to quote from the same passage, "would be like removing an immense weight from a powerful spring." Individual and social energies would have free course. The opening of the land for use on fair terms would prepare the way for all its various developments. The unrating and untaxing of houses would encourage building, and lead to the solution of the housing problem. The untaxing and unrating of factories, workshops and machinery would enable our industrial undertakings to develop. The untaxing and unrating of farm buildings, glass houses, and similar improvements would give agriculture and intensive cultivation a fair chance. The principles are simple. On the one hand we would take for the people what properly belongs to them, the value which attaches to the land owing to their presence and demand for it. On the other, we would secure to each the results of his own industry. There could not be a policy more plain in principle or more easy in application. It was never more needed than now. J. D. W.

LOCALITIES RUINED BY LAND SPECULATORS

From the "Municipal Journal," March 14th.

The reconstruction report of the Essex County Council is pregnant with interest, and tells the story of the disaster brought about by land speculators who have "developed" much of the land in the county.

In the Union areas of Billericay, Rochford, and Maldon there are approximately 11,000 acres of heavy clay soil which fell out of cultivation in the 'eighties, and have lain practically derelict ever since. This land in the 'sixties and 'seventies was mostly under the plough, and grew good crops of corn, though it was always difficult and somewhat expensive to work.

It became derelict owing to the sudden and unprecedented fall in the price of corn which began about 1880, and was eventually sold for a very low price, varying from £5 to £7 10s. per acre, to speculative land companies and others, by whom it was offered for sale in plots as eligible building land suitable for cultivation as small holdings, and many hundreds of plots have been sold and re-sold and many small houses erected on road frontages, but no real attempt has ever been made to farm the land. Building estates on which many plots have been sold and a few roughly enclosed are let as grazing for cattle, and hay is cut and sold off them, much of the land is heavily bushed, and the drains and fences and buildings are utterly neglected.

Practically none of all the plots that have been sold has ever been cultivated in any real sense, or is capable of supporting a family. No land could be less suitable for small holdings, as it cannot be effectively cultivated without steam and systematic attention to drainage—yet instances can be found of equally heavy land which has been kept under the plough and well and successfully farmed, even at pre-war prices, and every one of the witnesses the Committee heard has agreed that it is capable of reclamation, and would yield good crops with proper cultivation, and that by draining and the use of slag those parts of it which are less suitable for arable cultivation can be made into productive pasture capable of carrying a beast to the acre, and suitable for grazing by dairy cattle and for feeding sheep. In its present state it produces practically nothing, and will not do more than provide rough grazing during part of the year for about one yearling beast to five acres.

Two farms, Down Hall and Barn Hall, comprising respectively 150 and 194 acres, much of which was heavily bushed, have been taken over and farmed by the War Agricultural Executive Committee under the management of local farmers. German prisoners have been employed to stub the bushes, and the land has been broken up and mole drained by steam, and has produced good crops within a year at a cost which is not excessive. But on Down Hall alone there are 70 plot owners, none of whom have ever attempted to cultivate it, and it is evident that no scheme for the reclamation of these derelict lands can possibly be successful unless the plot owners are bought out and provided, if they still wish to occupy land, with some more suitable land elsewhere.

The trail of the land speculator is writ large over South-east Essex, and nothing could be more disastrous in its results. These heavy clays are utterly unsuitable for small cultivators, and should be reclaimed by grubbing the bushes and systematic draining, and re-sold or re-let as farms of a size suitable for the employment of modern machinery by which alone they can be successfully farmed. That they can be successfully farmed and produce good crops there is no doubt in the minds of all the gentlemen who gave evidence, and who are thoroughly acquainted with the district, and have themselves farmed land of the same character.