

THE NATURAL TAX

"Land value," or "ground rent," as the older economists call it, is thus a tribute which natural law levies upon every occupant of land, however fleeting his stay, as the market price of all the advantages, natural and social, appertaining to that land, including necessarily his just share of the cost of government. In land value a man pays for all the advantages he obtains by occupying a particular piece of land, rather than any other where these advantages are not. By occupying that particular spot of earth's surface he gains an advantage he could not gain elsewhere. That advantage is thus not due to his labour, but proceeds from some superior quality of soil; some greater facility of access to a market in which to dispose of the fruits of his own labour; some greater measure of security provided him for the enjoyment of those results of his own industry. All these go to form the land value, and a tax regulated by the value of the land occupied by a man would fairly and squarely close the account between him and the community.

Now a tax on this value of land apart from improvement will not discourage industry. The rent paid by the occupier or worker is a maximum already, and the imposition of a tax on that rent will not enable the owner to get any higher rent from the occupier.

Further, all land is not put to its full market use at present. Much of the land of the country is kept out of use owing to the law making no demand on the owner of unused land for any contribution either to the Imperial or the Local exchequer. By the public expenditure this unused land is rising in value, but it contributes nothing towards that expenditure. It pays the owner to hold on till he gets a higher price. Thus the supply of land in the market is artificially kept below the amount of the whole land which has a value. This forces up the price which the occupier has to pay for the use of land, and produces Adam Smith's Law of Rent, which is the measure of rent, not as it should be, but as it actually is under the present condition of artificially created monopoly.

The natural law of rent is that enunciated by Ricardo, and adopted by John Stuart Mill in these terms, "The rent of land is determined by the excess of its produce over that which the same application can secure from the least productive land in use." This excess is caused by the nature of the land and its position in regard to market and facilities for production, including all the benefits of what we have called communal activities. None of these are due to the labour of the owner, *qua* owner. Rent fixed on this basis leaves to the occupier, whether owner or tenant, all that accrues as the result of his own expenditure of capital and labour. Thus this natural law of rent is the correlative of the natural law of wages; the labourer as occupier should get the value which accrues from the exertion of his own labour.

The monopoly law of rent, on the contrary, leaves to the tenant, or labourer, the wage fixed by the iron or minimum law of wages. Monopoly rent requires the labourer to pay for access to land, all that he can afford after meeting the bare cost of subsistence. If more is in fact left him, that surplus is due, in the words of Adam Smith, to "the liberality, more frequently the ignorance, of the landlord." Thus the tendency of monopoly rent is to produce the minimum wage. The result of the day's labour is absorbed in rent, with the exception of just so much of it as is essential to keep the labourer in a state to do to-morrow's work. Against this tendency trades-unionism is an attempt to set up the shield of another monopoly for certain kinds of labour. It has thus secured something more than this minimum for certain workers; just as exceptional skill may do for a few. But it never can free all labour from this dire tendency caused by monopoly rent of land.

A tax on land value will break this monopoly. It is a tax on all land that has any value, and according to its

value. It will not fall on the tenant, as the amount of rent payable by him is fixed apart from the imposition of the tax; whether his rent be under the monopolistic rule as at present, or under the natural law of rent. In either case the amount payable cannot be increased by the owner of the land. The tax is part of the rent. Such a tax falling on the value of all land will tend to lower rent. It will press all land into the market for use to the full market extent. It will no longer pay to keep land out of use waiting for a rise in price. An increase of price will correspondingly increase the tax, and the buyer will never consent to pay a price for the portion of the rental which goes to the State in payment of the tax. Where all valuable land is taxed, although some owners might try to hold land unused, paying the tax out of capital, others would be forced to sell in order to meet the tax, and these would lower the market for all.

Such a tax would kill land speculation, which is antagonistic to industry, as it means holding land not to use, but for a rise in price. Land speculation means that industry or capital desiring to use the land has to pay a higher tax to a private individual than is just or necessary, before he will permit them to use the land. The private owner of land is a mere tax-gatherer. As our law has been adjusted by landowners' Parliaments, he retains the tax so gathered for his own purposes, and leaves the State to find its revenue as best it may by placing further burdens of rates and taxes on the industrious, according to their necessities or according to their industry.

A tax on land values would be easily and cheaply collected. No custom-house oaths would be required. Nor could such avail to conceal the subject taxed. The public assessment roll would be the Domesday Book on which the title of the landholder would rest. There need be no inquisitorial inquiries into private affairs. The use made or profit reaped from the land by each citizen would not concern the tax-collector. The time and manner of payment can easily be arranged to suit the convenience of the taxpayer. When the value of the land has been assessed there is no dubiety as to the certainty of the tax.

(Reprinted from Mr. Edwin Adam's "Land Values and Taxation," Chapter XVII.)

APPRECIATIONS OF "LAND VALUES"

A Canadian Correspondent writes, enclosing a cheque for £90:—

As a result of more careful reading of the last couple of numbers of LAND VALUES, which included the report of the debate in the House of Commons on Banbury's attempt to scrap Land Valuation machinery, as well as a report of the annual meeting of the English League, to say nothing of the strong and inspiring editorials, I have come to the conclusion that the United Kingdom offers the greatest opportunity in the near future for the advancement of the cause of economic justice by way of the taxation of land values.

Mr. E. J. Craigie, Secretary of The Single Tax League of South Australia, writes under date July 28th:—

One of our friends here, a good supporter of our movement, is very much impressed with the special issue of the LAND VALUES for June. He considers it a splendid piece of literature for propaganda purposes, and desires me to get one thousand copies for distribution.

The following resolution was passed at the New Zealand Conference held on August 2nd and 3rd:—

"That this conference of the New Zealand Land Values Leagues desires to convey its congratulations to the Publishers of LAND VALUES on the attainment of its twenty-first year of publication, and expresses its admiration of the great work accomplished by the paper for the liberation of the people and land of Great Britain."