

LAND & LIBERTY

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"BAFFLED"

The Government has been reconstructed. According to its apologists in the Press and on the platform it still retains its national character. Certainly the distribution of offices between the three groups which compose it is numerically much the same, but the emphasis is, if possible, even more on the conservative side. A Tory becomes Prime Minister, a Tory becomes Lord Chancellor, a Tory becomes Foreign Secretary; the three principal offices of State are transferred to the predominant party, thus recognizing in practice the overwhelmingly reactionary character of the present parliament.

In a statement issued after he had yielded up the seals of office Mr Ramsay MacDonald once more proclaimed the so-called national character of the late Cabinet. Although composed of members of different parties, it was more united than many Cabinets drawn from a single party. The political correspondent of the *Manchester Guardian* put the matter more bluntly when he wrote that the Prime Minister was reported to have said when he heard the final result of the general election; "It is too good." It was, and he threw his hand in right away.

The same might be said of some of the other members of the minority fractions in the Government. They threw their hands in, and the country has been subjected to a purely conservative policy—perhaps to an even more Tory policy than would have been adopted if the Tories had not had the cloak of "national" to shelter behind.

It was hardly necessary for Mr Baldwin, on assuming the premiership, to say that there was no danger of the Tory Party being suppressed or amalgamated or losing its name. Nothing of the kind has ever been contemplated. Indeed not! We do not need Mr Baldwin's testimony to this. The Tory Party is not suppressed, it is dominant.

In the words of the new Prime Minister, "what has been accomplished in the last four years could not have been done by any party government, whatever it was and however strong it was in the House of Commons."

Even the most optimistic protectionist could hardly have anticipated that in so short a time tariffs of 30 per cent would be common, and of 50 per cent. not unusual, that raw materials of all kinds would have been subjected to duties, and that practically every essential foodstuff would have been subjected either to tariffs, levies, or even more injurious quotas.

Nevertheless there was an undercurrent of uneasiness in Mr Baldwin's speech. All the countries of the world were suffering from economic disturbances. They were suffering from broken exchanges making the transfer of goods and payments so much more difficult and preventing foreign trade from developing as it should. We cannot think of one single step which has been taken

in this parliament towards remedying these evils. Everything that has been done is to aggravate and prolong them by tariffs, quotas and trade agreements. The Prime Minister himself denounced quotas as "bad things in themselves and more disturbing to trade than any other economic machinery that could be put into force." This is in line with previous statements and also with an announcement made by the Minister of Agriculture that tariffs were to replace quotas. Though there may be a difference in degree, there is no difference in principle between these two measures. It one is bad, the other is also bad. Mr Baldwin refers to them as "economic machinery." Machinery for what? For raising prices. But although his Chancellor of the Exchequer has boldly proclaimed price-raising as the government's objective, Mr Baldwin hesitates between the two views. He rejoices that we still have the advantage of a remarkably low cost of living, in spite of some "improvement" in wholesale prices.

Time after time he referred to unemployment. "All countries are suffering from unemployment." "Our only comfort, and it is a comfort, is that in spite of all these things there is no country which has a happier record of dealing with its own unemployment." "We have been beaten so far by a problem that has defied the efforts of two governments—the problem of the depressed areas." "Those of us who are fortunate enough to be secure from the perils of unemployment and extreme poverty can never rest until we have succeeded in moulding this country that there will be none who suffer from great unemployment or poverty." "This problem that has so far defeated us." "This baffling and crippling problem."

Mr Baldwin does well to be uneasy. He does not share the comfortable outlook of the Chancellor of the Exchequer, who announced in his budget speech "that we have recovered in this country 80 per cent of our prosperity," who told the Bankers' Association that "to-day we meet in an atmosphere of such happiness and contentment as has not been seen since the war." Yet there are still 2,000,000 unemployed, and 1,500,000 in receipt of poor relief. "We meet in an atmosphere of happiness." Who are the "we"?

Mr Baldwin says, "more than any country in the world to-day we are the guardians and trustees for democracy, for ordered liberty and for ordered freedom." So might a Roman have spoken when the Republic was in its prime, but within a short time it became a despotism, and not long after the Empire crumpled up from its own rottenness.

Can "ordered liberty" persist when we have 2,000,000 unemployed? Can real liberty exist when a large portion of the population is on the verge of starvation, and when many would be actually starving if it were not for the use of public funds? Is it liberty to call vainly day after day to register at the employment exchange, hoping without hope that something will turn up?

Does it occur to Mr Baldwin that, if, as he asserts, trade is improving, we may reach the top of the "boom" and still have nearly two million unemployed?

We are faced with a permanent unemployment which may vary in size but which will not disappear under the kind of policies which the government is carrying out. Mr Baldwin in effect admits this. The problem is "baffling." It is not to be solved by tariffs or quotas. It has "defeated" the Government, as it will defeat every government which treats the symptoms without touching the cause.

So long as we tolerate a system which debars men from using land, the only source of wealth and the only means

of employment, so long will the problem be "baffling." So long as our government aims at maintaining high rents and high prices of land, so long will it by those very means perpetuate the evil which everyone admits is the paramount social evil of our time. The present government, no matter how much it may be recon-

structed, no matter how many unctuous platitudes it may utter about national unity, is incapable of solving the problem, for from the first moment of its existence it surrendered itself to the vested interests whose life depends upon a continuance of the present system,
F. C. R. D.

NEW YORK'S VALUATION

With Some Thoughts on the "Sufficiency" of Land Values

The Report of the New York City Commissioners of Taxes and Assessments for the year ended 31st March, 1933, shows that the assessed value of total real estate was 18,457 million dollars, being made up as follows, with sterling equivalent added at a round rate of \$5 to the £:—

	Million Dollars	Million Pounds
Land Value apart from improvements	8,795·7	1,759
Value of improvements	8,964·1	1,793
	<hr/>	<hr/>
	17,759·8	3,552
Special Franchises	697·2	139
	<hr/>	<hr/>
	18,457	3,691

Disregarding "special franchises," although as monopoly values they are of the nature of land value, it will be seen that of land and improvements taken together (17,759·8 million dollars) the land value alone makes up 49·5 per cent. This is the average relation over the whole city and it varies within wide limits from the centre to the outskirts. It is a well-known fact (and one that bears out the truth of the law of rent) that in the centres of cities this relation is very high even with fully developed properties, whereas on the outskirts—again with fully developed properties—land value is low in proportion to the value of the buildings and improvements. This is illustrated in the case of New York with its five boroughs, Manhattan, Brooklyn, the Bronx, Queen's and Richmond. Manhattan is notoriously crowded with buildings, yet the land value of that borough is 57·2 per cent of the composite value. By contrast, in the largely residential borough of the Bronx the land value is only 36·9 per cent of the composite value.

EFFECTS OF SHIFTING THE BURDEN UPON LAND VALUES

Professor Murray Haig made an investigation some years ago to discover how the various properties in New York and the various boroughs would be affected if instead of the present rates levied by the boroughs on land and improvements taken together the taxation were levied on land value only. He pointed out that everything depended upon the relation of the land value to the improvement value in any given case as compared with the general average relation over the whole taxing area. Applying this rule to the particulars we have just given about Manhattan and the Bronx, as examples of two of the boroughs, if New York had a consolidated city rate levied only on land values the contribution from Manhattan would be very much greater than it is to-day and that from the Bronx would be very much less. Total taxation in New York (including taxes on personal estate) amounts to 456·8 million dollars. Of this Manhattan pays 235·5 million dollars and the Bronx pays 49·5 million dollars. But if improvements and personal estate were exempted and a city tax was levied only on land value and special franchises, the contribution from Manhattan would be

268 million dollars and that from the Bronx would be 39 million dollars. The reason is that the land value ratio in Manhattan is so much above the average for the whole city, while the ratio for the Bronx is so much below. Every landholder, whether in Manhattan or in the Bronx, would pay an equal rate on the land value and every building or other improvement would be exempt; not only would there be a reapportionment as between the boroughs but also there would be a reapportionment as regards the persons and the properties within each borough. The whole thing illustrates how by including improvements in the assessment the districts with high land values are relieved and the tax on improvements elsewhere is increased.

NEW YORK AND LONDON

The population of the City of New York is 7,218,000 and the assessed land value (which is the *selling value*) works out at 1,218 dollars or £244 per head. It is permissible to apply that factor to London with its 4½ million population in the County and offer the estimate that the selling value of the land alone, apart from buildings and improvements, is no less than £1,100,000,000.

But the "selling value" of the land does not represent the whole land value. It is only that part of the land value which remains to landowners *after collection of so much taxation as falls to-day on the value of land*. When land is sold, the seller in fact capitalizes the *net* rent obtainable, free from taxation. The information available from New York where the separate value of land is so competently ascertained (although unfortunately land and improvements are lumped together when the taxation is imposed and are taxed together without discrimination) enables us to arrive at an estimate of the whole annual value of the land including not only what the landowners receive or enjoy but also what the public authority now collects in the form of taxation.

THE TRUE ANNUAL LAND VALUE

Taking the real estate taxes imposed in the various boroughs, which vary from 2·39 to 2·48 per cent. and applying these rates of taxation to the land value only, it appears that the city is now actually the receiver of an annual sum of 237 million dollars from the land value assessment. There remains the landowners' "portion." The assessed selling value of the land is 8,795·7 million dollars which at 5 per cent is equivalent to 440 million dollars annual value and that is what is left in possession of landowners, tax free. Adding together the amount publicly appropriated and the amount private persons do or can appropriate, it appears that the true annual value of the land occupied by the City of New York is 677 million dollars—£135,000,000, being 94 dollars or approximately £19 per head of the population.

ESTIMATES FOR LONDON AND THE WHOLE OF GREAT BRITAIN

Using this figure and applying it to the County of London with its 4½ million population, we arrive at the conclusion that the true and inclusive annual land-