

Mr. YEO (Lib.) drew attention to the raising of rents. He expressed regret that the Minister of Munitions was unable to be present, and hoped he would soon be restored to health and strength. There were, he was sorry to say, landlords who showed their appreciation of the gallantry of the soldiers who were preserving their property from the consequences of invasion by raising the rents of their homes in this country. He had in his hand protests from all over the kingdom from tenants who had received notice to quit unless they paid 1s. increase of rent. He urged that, if necessary, the Government should bring in a measure to prevent such putting up of rents during the war.

Mr. ROWLANDS (Lib.) dwelt particularly on the hardship inflicted on tenants in places where munition works were being carried on. He said there were cases in which rents, after being raised from 9s. 6d. to 10s. 6d. a week last year, had since been further raised to 12s. a week.

Mr. BARNES (Lab.) blamed the Government for following in this matter a policy of masterly inactivity. A considerable time ago he brought to the notice of the Secretary for Scotland a letter from a landlord's factor, in which a tenant was told that as the Government had increased the tax on property her rent would be increased from £19 to £21. It was scandalous that a landlord should try to shift the additional burden imposed upon him to the shoulders of tenants, and it was the business of the Government to protect the people against exploitation. He had with him a heap of notices issued to the tenants occupying a block of houses in Glasgow. They had hitherto paid rent at the rate of £13 16s. a year, and were now told that they would have to pay £14 19s. That was a disgraceful state of things. They should picture the perplexity of poor women whose husbands or sons had offered to shed their life-blood for their country and were in fact defending the very property of the landlords who were acting in this way. The rapacity of those house-owners would, he feared, cause a serious drop in recruiting. The people were getting sick and tired of being told to make sacrifices and finding that others were making profit out of the war.

Mr. McKINNON WOOD (Secretary for Scotland) said the operation of the Munitions Act had created an artificial condition of affairs in certain industrial areas which justified the treatment of the housing question as a matter of urgency during the period of the war. The matter was one of some complexity. He had had letters from house-owners setting out their difficulties. What he proposed to do therefore was to appoint a small and impartial committee to inquire into the circumstances and report promptly. This committee might possibly deal first with the district of the Clyde where the position was very acute. He hoped that in the meantime house-owners would hold their hands. In Glasgow, he was glad to see, they had decided not to raise the rents in the case of soldiers' wives. That was an example that should spread south. (Hear, hear.)

Dr. ADDISON (Secretary to the Ministry of Munitions), who also replied for the Government, said the Department had instructed their officers in munition areas, where complaints of the raising of rents were rife, to collect cases and when these reports were before them the Department would be able to determine what was the right course to pursue. In regard to the provision of increased housing accommodation in areas where there had been an extension of munition works, the Department, with the help of the Local Government Board, had collected useful information and had come to a decision. The areas were of two kinds. In those where there was an existing pressure on housing accommodation, apart from the extension of munition works, additional permanent housing was being provided by the local authorities with the assistance of contributions from the Ministry of Munitions towards the extra cost. In Coventry 720 additional houses, in Glasgow 820 additional houses, were being built. In areas where temporary

accommodation would suffice, a considerable number of institutions were being requisitioned by the municipalities and fitted up for the accommodation of the workmen.

Mr. W. THORNE (Lab.) asked what was being done to stop the raising of rents.

Dr. ADDISON replied that the provision of 45,000 additional houses for the workmen must affect the rent question.

Mr. W. THORNE: That's far ahead. If it was a question of these workmen stopping away from their work you would quickly deal with them. (Hear, hear.)

Mr. FLAVIN (Nat.): I can tell the hon. Gentleman that we will take the law into our own hands in Ireland.

## BOOK REVIEW

### THE PRINCIPLES OF GOVERNMENT\*

The aim of this book is to give a reasoned exposition of the principles of government, to show what functions it should perform and what it should leave to private persons. Mr. Crosby's central position seems to be this:—

As citizens, or members of the State, the people have no greater or other right to interfere with the conduct of any man than they have as members of Society merely. What they gain in that regard through organisation of the State, is simply the power to do that which they individually had and have the right to do but lack the power of doing, namely, to maintain through exercise of the right of self-defence the public peace and order necessary to enjoyment of their natural rights. (p. 50.)

He then proceeds to elaborate in abstract—and rather too elaborate—language the various deductions which may be drawn from this principle. This portion of the book will probably not appeal very much to the average reader. It is when the author comes to state the practical rules by which governments should be guided that he is most brilliant. How neatly, for instance, does he dispose of the idea of taxation according to ability to pay.

The very generally accepted doctrine that the individual should be taxed according to his ability to pay, is of course inequitable unless he owes his ability to the State; nor is attempted practise of the theory any less iniquitous because those ostensibly so taxed generally shift the burden to those having less ability, with the result that the people are in reality taxed not so much according to their ability to pay as to their inability to avoid paying (p. 78).

Needless to say, the author believes in the taxation of land values as the sole source of revenue. Besides taxation he discusses many other subjects, such as public debts, compulsory education, currency, the right to protection of foreign investments, and the problem of the trusts. All these questions we cannot discuss for lack of space, but one position taken up by the author is worthy of attention on account of its novelty.

He is entirely opposed to the legal creation of artificial persons, that is to say corporations, joint stock companies or limited liability companies. He considers that the rules of law by which the fiction of personality and individuality is attributed to groups of persons, and by virtue of which they are released from the limitations imposed on them by nature and given unnatural powers, are quite mistaken. The origin of these rules he attributes to the State having neglected to perform its proper functions, functions which no individual or voluntary association of individuals could do unaided. To remedy this deficiency the State then allowed these functions to be performed by

\* THE ORTHOCRATIC STATE. The unchanging Principles of Civics and Government. By John S. Crosby. New York: Sturgis & Walton Company. \$1 net. London: Curtis Brown. 4s. 6s. net.

private associations clothed through the privilege of incorporation with some of the powers of the State. Originating in this way the privilege of incorporation has been granted for the prosecution of undertakings of nearly every character. Mr. Crosby holds that the State should itself perform those necessary functions which require such a grant of sovereign power, that there would be no necessity then for private associations to be incorporated, and that the privilege of incorporation should be abolished. This doctrine will come as a shock to the lawyers, but there is something to be said for it.

Mr. Crosby's book would be valuable if it were merely for the discussion of the problem to which we have just adverted. We have much pleasure in recommending it to our readers.

F. C. R. D.

## ANSWERS TO TYPICAL QUESTIONS

[The following answers to questions are based on the Answers to Typical Questions in "The Taxation of Land Values" by Louis F. Post. Some, however, are new and others are altered.]

Q. Do you regard the taxation of land values as a panacea for the cure of all kinds of social disorder?

A. Not a panacea, but a necessary condition. When William Lloyd Garrison, the younger, announced his conversion to the Single Tax in a letter to Henry George, he took pains to state that he did not believe it to be a panacea, and Mr. George replied: "Neither do I; but I believe that freedom is, and the Single Tax is the tap-root of freedom." Your question may be answered in the same way. Freedom is to social order what pure air is to physical health, and the Single Tax principle makes freedom possible.

Q. Would the taxation of land values yield sufficient revenue for all the expenses of government?

A. The late Thomas G. Shearman, the distinguished lawyer and economist of New York, estimated that 65 per cent. of the rent that the land of the United States now yields or offers to its owners, would be sufficient. He also calculated that for the United Kingdom 60 per cent. of the economic rent would be sufficient to defray the expenses of government. The late Max Hirsch, a very capable Australian economist and statistician, calculated that the annual land value of the British Isles was more than sufficient to defray all the cost of government, local and national. That this must be so is borne out by the following considerations: In so far as the services rendered by government have any measurable and realisable value, that value must attach to land, for it is only by possession of an area of land that anyone can avail himself of those services. But the value of land is due not only to the services rendered by organised government, but also to the private activities of all the citizens; the value of land, therefore, should exceed the value of the public services, though it is quite possible that the public services may be unnecessary or may be managed uneconomically. If this contention be true, the taxation of land values has the advantage of responding to every demand for useful expenditure, while not responding to a demand for taxes to be spent wastefully. But this question is not yet an important one. If all revenues ought to be drawn from land values, then no revenues should be raised from other sources while any land value remains in private possession. Until land values are exhausted, taxation of industry cannot be excused on either moral or economic grounds.

Q. In small country towns or districts, where land has little value, how would you raise enough money for schools, highways, and other public needs?

A. There is no town whose finances are reasonably managed in which the land values are insufficient for local needs. Schools, highways, and so forth are not local but general, and should be maintained from the land values of the nation at large. This is the principle adopted in the Memorial on Land and Taxation Reform presented to the Prime Minister and the Chancellor of the Exchequer in 1911, in which the Land Values Group suggested the imposition of a Budget tax on land values to provide a national fund to be allocated towards the cost of such services as Education, Poor Relief, Main Roads, Asylums, and Police.

Q. What disposition would you make of the revenues that exceeded the needs of government?

A. Those who ask this question ought to settle it with those who want to know whether the taxation of land values would yield revenue enough. It is unlikely that land values would exceed the just needs of economical government. When the demand for better schools, better roads, and better public services of all kinds is satisfied, it will be time enough to discuss this question.

Q. If the taxation of land values were introduced gradually, would not land continue to have a speculative value?

A. Even a small tax on land values would be sufficient to force much unused land into use, especially if owners expected that the rate of taxation was likely to be increased. The speculative value of land would be wiped out as soon as the tax on land values was high enough and that on improvement values low enough, to make production more profitable than speculation. And this point would be reached long before the whole rental value was absorbed in taxation.

Q. If a landowner builds, does not that increase the value of his land, and consequently the amount of tax he would have to pay? If so, would he not be taxed on his improvements?

A. No. Upon the value of his improvement he would never pay any tax. It is true that his improvement might attract others to the locality in such numbers as to make land there scarcer and consequently dearer. His own lot would in that case rise in value with the other land and be taxed more, just as the rest would be. But that would not take any of his labour in taxes; he would still have his building free of taxation. Thus: If on a site worth £1,000 a building worth £1,000 were erected, making the whole worth £2,000, the tax would fall only on the £1,000 representing the value of the site. If land then became so scarce relatively to the demand for it that the site rose in value to £2,000, the tax would be doubled; but the owner's improvement would still be exempt.

Q. If a man owns a city site with a £5,000 building on it, what, under the taxation of land values, would hinder another man, perhaps with hostile intent, from bidding a higher tax than the first man was able to pay, and thus ousting him from his building?

A. The question rests upon a misapprehension of method. Our proposal is not a method of nationalising land and renting it out to the highest bidder. It is a method of taxation. And it would not only hinder, it would prevent the unjust ousting of another from his building. The land-value tax falls upon landowners in proportion to the unimproved value of their land; and this value is determined by the real estate market—by the demands of the whole community—and not by occasional and arbitrary bids. If the general demand for this land increased, and consequently its market value, the assessed value of it would be raised and the owner would naturally and rightly be asked to pay increased taxes. But he could not be unfairly ousted from it in the manner contemplated in the question.

(To be continued.)