

THE TAXATION OF LAND VALUES.

A RETROSPECT AND A FORECAST.

Part I.

By John Ferguson

No social reform today occupies such a prominent and popular position as the above. No Parliamentary or Municipal Election is permitted to pass without definite statements by the candidates in respect to the issue. It is now regarded not as a political but purely as an economic question. Conservatives and Liberals alike have pledged themselves to support the principle, and in the recent divisions in Parliament, members of the present Cabinet voted in the majority that carried the second reading of the Bill for the Taxation of Land Values.

The cause of this popularity is obvious to all well-informed men. The increasing pressure of taxation upon labour and capital; the findings of such important Royal Commissions as that on the "Housing of the Working Classes" (C. 4402, pages 69 and 70, 78—79); and the fact that men of such diverse views as Lord Balfour of Burleigh, and Judge Arthur O'Connor, K.C., who were both members of the Royal Commission on "Local Taxation," are at one in urging the vital necessity that exists for tapping new sources both of local and of Imperial revenue; and above all, the active and educative propaganda for the reform of our antiquated system of land laws, which for twenty-five years past has been unceasingly carried on by lectures and leaflets from Land's End to John O'Groats, have spread the light of true economic knowledge, and organised behind the movement a force less turbulent — for the times are different — but quite as formidable and determined as that which carried Cobden's great reform.

All these would have been of little avail, had not the advocates of this reform had at their command arguments which men scientifically educated shrank in shame from fairly meeting. Editors and anonymous newspaper correspondents may risk the raising of clever though false issues, and may adopt side-tracking tricks of intellectual fence, nay, may often use absolutely imbecile arguments, but men of education, even though as partisan as the men of the Press, will not risk their reputations by holding a brief upon the side of ignorance. Consequently our work has been more exegetical than controversial. History and constitutional law tell us with an authority that no scholar can question, how, by violations of the "rights of man," the present well-nigh unbearable social conditions came about, and political economy lays down the lines upon which they may be remedied. It is now for statesmanship to enforce the principles by the application of which we may realise Bentham's ideal: "The greatest happiness of the greatest number with the least suffering to any."

The Attitude Of The Press.

It is upon the surface strange how little direct aid or approval the movement has had from the Press. Cobden in his day received earnest and powerful assistance from the Press. But editors then were not the mere briefed advocates of syndicates or trusts. They had not yet come so completely under the control of the countinghouse. The policy of the paper was not regulated by the great advertisers. Mammon was not the newspaper god. The freedom of the Press had been fought for by the people. Exulting in its new-born liberty, and with the hope of still greater freedom, it was true to the "platform" and the "demonstration" by which its liberty had been so largely won. Papers were owned by the men who wrote the articles, or the articles came under the owner's personal notice, and a sense of individual responsibility prevailed. The men, too, like a nation emerging by sacrifice into freedom, had great duties and high aims. They were, as a rule, better educated than "the smart set" of promoted reporters and paragraph collectors who now rise to be sub-editors and even leader-writers; and certainly they had higher moral purpose. John Morley, whose authority upon this subject will not be questioned, gives us in his "Essay upon Compromise," in few words a terrible picture of how reform is retarded by the "low aims and mean motives of the Press," and by its unfair treatment of the earnest men who work for progress. And Marie Corelli, in her recent work, *Free Opinions*, though sarcastic and self-interested, does not, in my opinion, overstate the case. But though the Press, as a rule, sided with "feudalism" and capitalistic ignorance, it could not, in spite of itself, help aiding us. If the journals have deteriorated in moral principle, they have still improved in both quantity and quality of good as well as of inferior matter. It was impossible for them to completely abstain from giving reviews of books and articles from magazines, and from printing reports of speeches delivered by our public men, and of debates in Parliament relating to the "Taxation of Land Values"; and despite the imbecilities contained in the editorials, the old aphorism was once more justified, "*Magna est Veritas et prevalebit.*"

#### Our Great Municipal Organisation.

It was in the later seventies that I received a letter from Henry George, who till then was unknown to me. He said: "I perceive you advocate upon your side of the Atlantic the land reform I advocate on this. I send you two copies of my book, *Progress and Poverty*. Some day I hope to discuss with you the points upon which I perceive we differ." A year or two afterwards I introduced Mr. George to the meeting in the Glasgow City Hall, which began his campaign in Great Britain. (Two or three meetings had previously been held in Ireland.) The Scottish mind has always been peculiarly inspired upon economics, and the west of Scotland displayed, under George's clear and eloquent expositions, a strong tendency to organise and advance, upon severely scientific lines, to the "restoration of the land to the people." Mr. George, in one of his campaigns in Scotland, said truly: "The Irish peat had set the Scottish coal on fire." How true this was my readers can judge today.

I entered the Town Council of Glasgow in 1891, to use it as a platform for the propagation of this gospel, and after six years' hard and continuous fighting in that progressive body I had a Bill drafted and presented to Parliament. But there it lay for years, helpless and hopeless. My half-hearted supporters in the Council thought that nothing more could be done, and my opponents made merry at my expense. The voters, however, were sending my Bill more and more support every recurring November, and about four years ago I was strong enough to secure the Council's sanction for an appeal to the municipal and taxing authorities of the United Kingdom to form an organisation to carry the Bill through Parliament. The committee given me by the Council

contained men of great courage and influence, such as the then civic head, Mr. (now Sir) Samuel Chisholm, Bailie Bilsland, a most advanced and earnest social reformer, and Treasurer Gray, Chairman of the Parliamentary Bills Committee. These all threw themselves into the movement with intelligent caution and earnestness of purpose, and upon October 21, 1902, in the Hotel Metropole, London, we held our first Convention. The representatives of the municipalities there assembled endorsed the principle of the taxation of land values laid down by the Corporation of Glasgow, and it was decided to push through Parliament at the earliest possible moment a Bill empowering the municipalities of the United Kingdom to adopt that principle for rating purposes. A committee, consisting of representatives of twenty-five rating authorities, was appointed, and this committee has since been untiring in its efforts, as indeed the result demonstrates.

Five conferences have been held, and the movement has grown till now over 500 rating authorities, representing more than twelve millions of people, have been enrolled. These conferences have consisted of Lord Mayors and Lord Provosts, Mayors and Provosts, Alderman and Bailies, County Municipal and Parish Councillors, representing Corporations, Borough Councils, Town Councils, County Councils, Urban District Councils, Poor Law Unions, and Parish Councils.

#### The Two Bills.

At the outset it was found impossible to frame a Bill applicable to the different legal and other conditions of the United Kingdom.

So two Bills were accepted by the Conferences — one, the Bill before referred to, properly known as "the Glasgow Bill," which the representatives of Scotland were agreed upon from the first; and the other, a Bill, less drastic, perhaps, but more satisfactory to the English representatives, and more applicable to English condition?.

These measures having now passed their second readings — the English Bill twice and the Scottish Bill once — it may be as well to quote the full text of the Scottish Bill, as it was the original upon which the English Bill is based. The memorandum prefixed to the English Bill indicates all points of difference apart from mere machinery.

The Scottish measure, presented by Mr. Ainsworth, and supported by Mr. Caldwell, Mr. Hunter Craig, Mr. Dalziel, Mr. Findlay, and Mr. J. D. Hope, was ordered by the House of Commons to be printed on February 17, 1905, and is entitled, "A Bill to provide for the taxation for local purposes of land values in burghs in Scotland."

It reads as follows:

[gloss: Statements to be transmitted to assessor.]

"Be it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same as follows:

"1. Every proprietor or reputed proprietor of any land or heritage in any burgh in Scotland shall,

on or before the *fifteenth day of June* in each year, transmit to the assessor of the burgh in which such land or heritage is situated a written statement containing the following information:

"(a) The number of square yards of ground contained in each separate or discontinuous piece of ground of which he is proprietor or reputed proprietor;

"(b) The annual value of each such piece of ground (hereinafter called 'the land value'), calculated at the rate of four per cent, per annum upon the sum which such proprietor may fix as the price thereof as between a willing seller and a willing buyer, such land value being taken apart from the value of any buildings, erections, fixed machinery, or other heritable subjects, on or connected with such piece of ground.

[gloss: The making up of the valuation roll.]

"2. The assessor shall make up the valuation roll for the burgh with additional columns for the purpose of showing the extent of land contained in each separate piece of ground, with the annual value thereof at *four per cent*, on the selling price.

[gloss: Entry in valuation roll.]

"3. The assessor shall, after considering the land value supplied by each proprietor, enter in the valuation roll the amount of the land value so supplied by the proprietor, or such other amount as the assessor shall deem reasonable.

[gloss: Application of Lands Valuation (Scotland) Act, 1854.]

"4. The provisions of the Lands Valuation (Scotland) Act, 1854, and the Acts amending the same, as to sending notice to each proprietor, the adjustment of such valuation, the hearing of the appeals against such (Scotland) valuation, and penalties in respect of failure to furnish a written statement of extent of ground and valuation, or for making any false valuation, shall be equally applicable to the land values provided for by this Act, and the returns made in connection therewith, as to the valuation of lands and heritages under the Act of 1854 and the returns made thereunder.

[gloss: "Land value assessment."]

"5. From and after the term of Whit-Sunday next occurring after the *passing of this Act*, the town council of every burgh in Scotland shall levy an assessment, to be called 'the land value assessment,' upon the amount of the land values entered in the valuation roll for the burgh, subject to the following conditions:

"(a) The land value assessment shall be imposed and issued at a rate not exceeding *two shillings* in the pound:

"(b) The net proceeds of such land value assessment shall be allocated pro rata to the several accounts in respect of which police and municipal assessments are levied within the burgh;

"(c) The land value assessment shall be levied exclusively upon the owners of land values as appearing in the valuation roll, and shall be recovered in the same manner as any police assessment levied in the burgh.

[gloss: Exemptions]

"6. The provisions of the Act shall not extend to, or render liable to assessment under the Act, or in any way alter, modify, or affect the liability to local assessments of police stations, gaols, and premises occupied in connection therewith, public infirmaries, hospitals, poorhouses, public schools, places of religious worship, chapels, drill halls, ragged schools, Sunday schools,

scientific and literary societies, burial grounds, or parks or open spaces, held and enjoyed by the public under any Act of Parliament, or under or by the permission of any municipal or local authority.

[gloss: Persons liable in payment.]

"7. Any person entitled to payment of any feu duty, ground annual or ground rent, lease or tack duty, under a lease of more than *thirty-one years'* duration (which feu duty, ground annual or ground rent, lease or tack duty, are herein referred to as ground burdens), shall be liable in payment of land value assessment, subject to the following provisions, viz.:

"(a) Every proprietor or reputed proprietor of any land in respect of which ground burdens are payable shall be entitled to deduct annually from those ground burdens such proportion of the land value assessment paid by him in respect of the land as shall correspond to the amount of the ground burdens payable by him on the land as compared with the amount of the land value of the land;

"(b) Deductions of a proportion of land value assessment shall be made in the same way from all duplications and other increased payments of ground burdens and from the amount of all feudal casualties;

"(c) "Where in any year the amount of the ground burdens on any land is the same or greater than the amount of the land value thereof, the proprietor who has paid land value assessment shall be entitled to deduct the whole of such assessment from the ground burdens;

"(d) Where there is more than one ground burden on the same piece of land, the deduction in respect of land value assessment shall be made proportionately from such ground burdens without regard to any priority or preference which one ground burden may have over another;

"(e) Where ground burdens are unallocated and have been paid by a proprietor of a portion only of the land on which they are burdens, he shall, in recovering any proportion of such ground burdens from other proprietors liable therefor, deduct therefrom a proportionate amount of the land value assessment deducted by him when paying such ground burdens.

"(f) Any provision or stipulation in any contract, deed, or writing, which has been or may hereafter be entered into for the purpose, or having the effect, of relieving, in whole or in part, any person entitled to payment of any ground burdens from liability to bear a proportionate share of the payment of land value assessment, in accordance with this Act, shall have no force or effect whatever.

[gloss: Interpretation.]

"8. This Act shall be read as one with the Lands Valuation (Scotland) Act, 1854, and any Acts amending the same, and in this Act the word 'burgh' shall include every royal and parliamentary burgh and every burgh within the meaning of the Burgh Police (Scotland) Act, 1892.

[gloss: Extent of Act.]

"9. This Act shall apply to Scotland only.

[Gloss: Short title.]

"10. This Act may be cited as the Land Values Taxation (Scotland) Act, 1905.

The English Bill — "to provide for the separate assessment and rating of land values" — was

presented by Sir John Brunner, supported by Mr. Trevelyan, Mr. Bell, Mr. Charles Douglas, Mr. William Jones, Mr. Lloyd-George, Mr. M'Crae, Dr. Macnamara, Sir Albert Rollit, Mr. J. H. Whitley, and Mr. Watson Rutherford. The memorandum above referred to states:

"It is provided by this Bill that all valuation lists on which local rates are based shall contain a separate assessment of the land values of rateable premises. The land value is to be taken to be an amount equal to 3 per cent, on the selling value of the land as distinct from the building. In the case of unoccupied premises the land value alone is to be subject to rating. In any case where the land value of premises exceeds the present rateable value, which may happen where land ripe for building is not used for building or very poor buildings are allowed to stand on valuable sites, rates are to be paid on the land value. Under any lease made after the Bill becomes law, it is proposed that the occupier shall be entitled to deduct from his rent so much of any rate as is based on the amount of the land value. But there is to be no interference with existing contracts between landlord and tenant. It is also proposed that deductions made from the gross value for the purpose of arriving at the rateable value shall be made on the value of the buildings only, and not on the land value. The Bill applies only to London and boroughs and urban districts of England and Wales."

#### The Fight In Parliament.

Last year our first noteworthy success in Parliament was achieved. Forty members were induced to enter their names for the private members' ballot, with the result that Mr. Charles Trevelyan, M.P. for the Elland Division of Yorkshire, was so fortunate as to secure a date (March 11, 1904) that gave us not only a debate, but a vote, and a second reading victory by a majority of sixty-seven.

The Government spoke and voted against us, but left it an open matter for its followers, with the result that a large number of Conservatives voted for the Bill. It was thus clearly made manifest that the question was not a party political, but a scientific and social one. The terribly congested state of public business enabled the Government (with the aid of the late Speaker) to prevent the Bill going into committee, and it, of course, died with the Session. The next Session, 1905, the fortune of the ballot again gave us a private members' day; and upon April 14, 1905, supported by our increasing municipal force operating upon the members, the second reading of the English Bill was once more carried by the increased majority of ninety. Again, however, the Government (aided by the Speaker) was able to defeat by "the 5.30 rule" our effort to get the measure into committee.

But fortune had also given us a date for the Scottish Bill, which contained a much more drastic clause than the English measure — a clause that gave opportunity for the stupid cry of "confiscation," common against all attempts to do away with monopolies. Mr. Ainsworth (member for Argyllshire) introduced the Bill, which was put down for second reading on May 19, 1905. We were anxious to see how the English municipalities and M.P.'s would support the Scottish Bill. The Scottish and Irish members had loyally voted for the English Bill, though in their view it was far too favourable to the ground landlords, and the Conventions had all pledged themselves to support loyally whichever Bill came before the House. There were some signs of defection, but honour prevailed. I was earnestly pressed, as a matter of tactics, by Mr. Thomas Shaw, M.P. (the member to whom we looked as the right arm of our battle on that occasion), to

consider the expediency of not putting too great a strain upon the loyalty of the English members. "It would be disastrous to be defeated after having twice won." "A slight concession might secure us a third victory," but he was prepared to fight the Bill as arranged, if we objected. My friends from the municipalities, acting with me in the lobby, had firmly agreed with me. "We would take defeat, but not surrender, upon the Scottish Bill"; and when I said so, "our brave Borderer" cheerfully assented, and with facts and logic stated a case that might be voted down, but could not be refuted, and which no one attempted to rationally answer. It was unfortunate that, during the debate, Mr. Trevelyan allowed his private opinions to make him swerve from his loyalty to the organisation, and that when appealed to by the member for West Renfrewshire (Sir Charles Bine Renshaw), who was one of our most active opponents in the House, he stated that he did not agree with the clause that required the superiors in Scotland to pay their proportion. Some twenty-seven of our supporter wire away at the annual meeting of the National Liberal Federation in Newcastle-on-Tyne, more than twenty of the Irish members had gone home at the week-end, and we had really no hope of winning, particularly when we saw the Ministry — absent all day — turn up for the division, and when the Lord Advocate for Scotland (Mr. Scott Dickson), who had voted with us before, and who had pledged himself at his election to vote for the Bill, had deserted us. What, then, was our surprise when a member rushed to the glass door where we stood outside the members' lobby and held up for us to read, "Victory by a majority of twenty!" Our English Conservative friends had again honourably fulfilled their pledges and earned the gratitude of the Scottish people.

#### A Member Of The Cabinet As Obstructionist.

But once more tactics that, in my opinion, were scarcely honourable deprived us of results. This time the Deputy-Speaker, who had presided over the sitting, evidently tried to give us a chance. Our majority was declared ten minutes before the fatal 5.30. On both the former occasions the 5.30 hour was got past before the amendment had been declared defeated. On this occasion there was time to pass the Bill and let it go into committee had a trifling amount of generosity existed in the Government. But no; a member of the Cabinet moved, as he technically had the right to do, the negative, and though again in the second division beaten by a larger majority than in the first, the time limit was reached and our Bill, that had cost £1000, was for the time being blocked. Other opportunities in the latter part of the Session might have arisen for advancing it a stage, but this could only have been done by putting all our machinery into motion again, and, as our best friends in the House pointed out, that we could not hope, in view of the congested state of public business, to have the measure placed on the Statute Book, we had to content ourselves with another great moral victory.

Some day the country will awake to the necessity for putting an end to such obstructive methods of over-riding the will of the House.

#### The Glasgow Bill The Scottish Bill.

However, the fact remains that the celebrated Glasgow Bill has now been accepted by the House of Commons as the Bill for the taxation of land values so far as Scotland is concerned.

The principles of the Bill are to separate the values of land and houses, and to impose a new annual rate not exceeding 2s. in the £ upon every person in proportion to the extent to which he

is beneficially interested in the land value. In Scotland land is "feued " not "leased" as in England. The feu is for ever, so long as the feu duty (rent) is paid. Were the superiors (the feuers) exempted, therefore, they would for ever continue to enjoy revenues from land values, created not by them but by the community at large without contributing to the community anything in return for that special advantage (or monopoly). In England the leases are terminable, and the English Bill proposes to defer imposing the land value tax on the lessor until a new lease is being arranged. It is obvious that whatever fairness there may be in thus kindly considering the English ground landlords, no such claim can be urged on behalf of the Scottish landlords.

#### There Are No Landowners.

The fundamental principle upon which the Bill rests is — "Land is not and cannot become private property." This I affirmed in my evidence before the Royal Commission upon Local Taxation. And I asserted it also as Chairman of the Municipal Organisation, quoting my authorities at considerable length, at an interview granted to me by the Right Hon. W. H. Long, M.P., then President of the Local Government Board, and the Right Hon. A. Graham Murray, M.P., at that time Secretary of State for Scotland. The evidence given before the Commission can be seen at full length in the Blue Book, and my quotations from the various authorities, legal and otherwise, appear in the report of the deputation published by the Municipal Organisation. I shall quote a portion of both in this article.

Sir William Blackstone and Sir Edward Coke, the fathers of English Constitutional Law, postulated: "Allodial (absolute) property in land no subject has. It is an undeniable principle in law that all lands in England are held mediately or immediately of the king," that is to say, the nation.

Their successor, Lord Chief Justice Coleridge, in our own day, told the Juridical Society of Glasgow: "Our land laws might be for the general advantage, and if so they should be maintained; but a state of law under which a country would exist not for its people but for a mere handful of them, ought to be instantly and absolutely set aside." He was dealing with the idea of a rich man turning his estate into deer forest and evicting the people.

Williams in his handbook on *Real Property* says: "The first thing the student of law has to do is to get rid of the idea of absolute ownership of land. Such an idea is unknown to English law." "It is not a chattel, nor subject to the law of chattels." "All landholders are merely tenants in the eye of the law."

Sir Frederick Pollock on English Land Laws says: "It is commonly supposed that land belongs to its owners in the same sense as money or goods. This is not, and never has been, the theory of English law.'

The Right Hon. Justice Longfield says: "Property in land differs from property in any commodity produced by human labour. The product of labour naturally belongs to the labourer who produced it. But the same argument does not apply to land, which ... is the gift of the Creator to mankind. Every argument used to give an ethical foundation for the exclusive right of property in land has a latent fallacy."

The great Roman orator put the case thus: "The Creator of the Universe built a theatre capable of containing all His creatures, and provided a magnificent banquet for all. But a few entering first took possession and levied a charge upon all who came after."

Sir Henry Maine says: "The terrible problem of pauperism began to press on English statesmen as soon as the old English cultivating groups (in which land was collectively, not privately, owned) began to fall away," as they did under feudalism.

The following masters of thought in philosophy, religion, history, law, and economics support the great legal authorities quoted above: John Locke, Justice Stephen, Judge Hughes, Dr. Alfred Russell Wallace, J. S. Mill, W. E. Gladstone, Thomas Carlyle, Thorold Rogers, Professor W. A. Hunter, Professor Zacharie, Emile de Lavelaye, Pope Gregory, the Great Pope Leo XIII., J. A. Froude, Frederick Harrison, John Morley, Professor Marshall, &c.

Now, whom have we in opposition? A set of lawyers called into existence to suit the emergencies of commerce — "mere debt collectors," as I once heard a great constitutional lawyer describe them, to whom the principles of constitutional law are unknown; a host of editors, most of them neither well-educated or even well-informed, a set whose supercilious sneers and anonymous and irresponsible flippancy against all earnest reformers are becoming a menace to society; and a body of landlords, backed by successful money-gatherers, all anxious for the continuation of the legal right to appropriate the improvements of society by that method of plunder called rent.

#### The Black Record Of Landlordism.

Richard Cobden warned the aristocracy of this country to beware of the day when the middle and industrial classes should understand how they had been "cheated, robbed, and bamboozled" by the landlords; and he declared that the history of taxation in this country constitutes "as black a record against the landowners as even the Corn Law itself."

When they abolished the old Celtic and Saxon tenures the Norman kings of England and the Anglicised Celtic kings of Scotland, dominated by military ideas and by lust of conquest, placed crown vassals, by the titles of barons, earls, &c, over the different parts of the country. The nobles were "estated" in land in return for the performance of certain public functions, and, moreover, were often discharged for neglect of duty. Out of the rents that they were allowed to collect they paid the working expenses of the nation; and, according to the extent of the land held by them in trust, they supplied so many armed men for the defence of the country, contributed to the support of the church, administered criminal and civil justice, and protected the lieges. They were then really the "peers of England and pillars of the State." When a noble died his son did not as now slip into his place as a matter of right. The king had to give his consent, and not unfrequently refused the petition if the applicant was not considered a suitable person. The land was the king's, and was held for the "Glory of God and the defence of the Crown." Hallam or Freeman will convince the mind of any thoughtful reader upon the question of feudal duties, and of the earlier Celtic and Saxon collective ownership of the land.

But towns and trade grew great under a system which made industry so free of rates and taxes. The warrior Plantagenet and Tudor, kings and queens, were succeeded by the weak, wicked, and

worthless Stuart and German lines. Upon the death of Elizabeth, money and pleasure, rather than courage and national honour, held sway. The nobles were allowed to forget their public duties and to devote to their private purposes the public revenues. Taxes were imposed upon trade to pay the costs of the duties no longer discharged by the Crown vassals. In the four Stuart reigns that followed that of the last Tudor, the grabbing of the nation's land went on with great rapidity. When William III. ascended the throne in 1688 he demanded from the nobles a fulfilment of their feudal duties. He cared little about England, he was a Dutch patriot, and only valued Great Britain and Ireland for the support they could give him in the defence of Holland against Louis le Grand. Parliament unanimously agreed to give him in exchange for the military service due to the Crown a State rent-charge or land tax of 4s. in the £ upon the true annual value of the land of Great Britain — a re-valuation to be made from time to time; and this William accepted. It was a good bargain for the nobles, but a king who cared for his country would not thus have sold his people's rights.

Two centuries have passed and no new valuation has since been made. The tax is still paid upon the valuation of 200 years ago, and it amounts to less than £750,000 a year; whereas, if it were paid, as required by the still unrepealed statute, upon the true yearly value of the land, it would realise from forty to sixty millions per annum. The nobles thus shuffled out of their obligation to the nation. But both law and equity require restitution, and some day the sufferings of labour and the pressure upon capital will create a Ministry that will simply apply the existing statute in their budget, and, without consulting the House of Lords, restore to the nation its natural revenue.

Dutch William and the Hanoverian kings by force and fraud completed the outrage upon God's law and the law of England of establishing private property in "natural agents," and turning landholders into landowners.

*(to be continued)*

---

p. 618  
December, 1905

## THE TAXATION OF LAND VALUES.

### A RETROSPECT AND A FORECAST.

John Ferguson

#### Part II.

#### The Natural Law Of Human Relation To Land.

Natural agents, limited in supply, and upon which the very existence of society depends, cannot be used as private property without serious injury to the community. We have agreed that private property in man — a much older and more sacred institution than private property in land — cannot exist without deterioration to both the master and the slave. It is becoming equally clear that absolute ownership of land simply substitutes wage-slavery for chattel-slavery. Denial of

access to natural opportunities places those denied at the mercy of those who deny it. Mill says it is a hard condition to be born into a world without being consulted, and to find yourself an intruder liable to be ordered on no matter where you are found.

"The earth is the Lord's, and it hath He given to the children of men"; "The land shall not be sold for ever," are not only propositions of a sacred book, but are proven in our days to be the highest teaching of economic science. All natural agents must be held from the community and for the benefit of the community. On any other principle you place a monopoly in the hands of private individuals, who can dictate the terms upon which capital and labour may employ themselves. Those terms will be increasing wealth to the monopolist, who, without labour or sacrifice, will continue year by year to confiscate the wages of labour and profits of capital and grind the labourer down to the lowest competitive wage upon which he can subsist and the capitalist to the lowest competitive profit!

We must, so long as the competition of nations lasts, continue our struggle to hold a good position—a struggle of brain and muscle; but why should we bear the burden of a class economically useless which goes on appropriating all the increased values these natural monopolies — land, water, mines, &c. &c. — have had created upon or in them by chemical and mechanical discovery, and by improved and cheapened powers of production? The only contribution of the landowner is his permission (as if he were a partner with Almighty God in the ownership of Nature) to use that which no man ever made, which no man can increase, and which, by the laws of God and man, is the inalienable property of the whole community. Who gave the landlord the right "to gather where he has not scattered, or reap where he has not sown?" Surely rights of private property are constituted by private expenditure of labour or capital producing some article or utility which did not previously exist. The producer of such is, and ought to be, its private owner. To deprive such producer without full compensation would be both unjust and inexpedient. But, just as we must protect the private property of an individual or a company from appropriation by the community, so must we protect the property of the community from appropriation by the private individual or the public company. The "natural agents" included in the term "land" are not produced by labour or capital, and, therefore, cannot justly be private property. They are national property. Mill says, "If it can be proved to be for the nation's interest that land shall be used as private property then let it be so; but the day it ceases to be expedient all justification for such use passes away."

But though land cannot be private — absolute (allodial) — property, there may be private property in land — or, rather, in the improvements on the land. A man may create a value in or on it by his labour or capital, which is his private property by every law of God or man. Take a bog worth 2s. 6d. per acre. A man makes it worth 20s., and he is in justice the absolute owner of the created value, 17s. 6d. per acre. And the same holds good in the case of the community. A city runs a line of trams along a country road, houses go up along the whole route, and land worth only 20s. per acre per annum becomes worth £50 per acre per annum. This additional value being created by the expenditure of the money of the ratepayers is by natural and moral law the property of the community.

#### How The Unearned Increment Is Appropriated.

Here is a Glasgow illustration that can at once be paralleled by the reader by cases in his own

locality: The Glasgow Corporation paid some £29,000 for land to make a new park. The interest on the purchase money and the actual expenditure to keep it in order costs the rates some £4000 per annum. Running along the public road was a strip of sand-bank, about twelve acres in extent. No one would have given £50 per acre for it till the Corporation resolved upon making a park upon the opposite side of the road and running the trams to the park. But that land is valued today at £16,000, and has been built over by a private speculator. Now in the United States, by the undisputed and unquestioned law of betterment, 80 percent of that value would have been appropriated by the Municipality to restore to the ratepayers the value they had created. Under our present system — a system which is a violation of both moral and economic law — our cities and counties go on every year expending rates and increasing values for those who "toil not neither do they spin!" Year by year we keep adding to the burdens upon labour and capital by giving away to those who are not factors in production that increment which wisely used would every year be lightening our costs of production, giving to wages and profits their well-earned rewards and bring our country, both cities and counties, to the position of being "rate free." We have in these islands the acquired skill, the capital and the machinery; the markets of the world have been secured by the energy, the foresight, and not unfrequently the crimes of our fathers, but other countries, with certain natural advantages or with wiser land laws, or both, are rapidly diminishing the distance we have gained in the commercial race. Is it not time we "shook out that reef in the sails of British commerce" which Cobden regarded as even a greater reform than Free Trade in commodities — namely, "Free Trade in and right use of the land?"

The Corporation of Glasgow sold the ground upon which its "Council Hall " stands today (1¼ acre) for some £200. In 1873 it bought back this site for £173,000 from the grand-daughter of the former purchaser. Now, this increase in value of nearly a thousand-fold was entirely created by the labour and capital of the community, yet the citizens must go on for ever and ever paying out of their rates say £7000 per annum of interest to persons who did absolutely nothing towards the production of this value.

Take another illustration. Our tram-cars are now running some miles into the country in every direction. Upon one road the ground value was formerly about £150 per acre. It is now from £700 to £1000. But the City borrowed nearly £2,000,000 for this enterprise, and has been paying over £60,000 per annum interest out of profits, and to that extent limiting the facilities enjoyed by the citizens!

Again Glasgow pays today about £3,000,000 per annum of ground rents. This large sum the citizens are compelled to pay to certain persons — landlords who have spent neither labour nor capital upon the land — for the right to live upon and use these 12,000 acres which the collective industry and enterprise and expenditure of the people themselves have made valuable. But besides this, every year the average increase in these land values, which these so-called "owners" are able to extort, amounts to £40,000! As yet this extortion has not "killed the goose — a most proper term — that lays the golden eggs." The city landlords of Scotland might have been as greedy and stupid as Irish landlords but for our feuing system, which has placed the power to extort in the hands of mercantile men who are more intelligent in the levy of this legal blackmail. They watch carefully the value of the improvements, mechanical, chemical, and industrial, and generally only deprive the industrial bees of such a proportion of their store as will not lessen their efficiency; and if at any time owing to the profits of industry not coming up to general

expectations a cry of want arises, why, of course, a splendid chance offers for charity! Many, if not most, give from the natural kindness common to all men.

### Justice, Not Charity!

Some give from that conventional Christian sense of "duty" which has in it so small element of vanity and Pharasaic self-satisfaction. And, again, a good number give simply because it is a respectable practice. But it is Justice, not Charity, that reading and thinking have taught the masses in our days to look for. They feel that they do not share in the products of their labour to the extent that they are entitled. They see that, so long as private property in land is recognised, all the increased values they create in or on it, either in services or commodities, must go to those who own the land. Even though the Almighty were to rain down wealth from heaven like the manna in the desert the ground-owner would find out how much competition amongst the gatherers would compel them to give him for liberty to gather it, and though a few gatherers by special skill, industry, and abstinence might grow rich, and by-and-by join the landowning class, the vast mass would remain upon the border line that separates honest frugality from poverty and destitution.

Professor Huxley, who did not see the true economic solution of the terrible problem of poverty, said that when he considered the marvelous increase during the last century in the wealth of the world, how little of it had gone to the working classes, and how little their lives were worth living, he was inclined to wish for a friendly comet to come along, and by a sweep of its tail wipe out the whole thing!" But the world was not made for a jest," says the Koran. The people know the remedy:

"They toil and they toil but they enter not in.

Like the tribes that the desert devoured in their sin,

From the Land of the Promise they fade and die

Ere its verdure bursts on their wearied eye."

But they have learned their power, and they are determined that their lives shall be worth the living. They see that in the existing social organism the vast mass of mankind constitute a sort of human manure, out of which a few cultivated superior forms are developed at the expense of all the others, and they are resolved to have their fair share of the conditions of a higher life. They see that leisure to cultivate their minds, morals, and manners, houses in good sanitary condition with something of sunshine and beauty about them, wages sufficient to give their wives exemption from all labour but that relating to their domestic affairs, and to give their children (till they are at least fourteen years old) true children's lives, are not only economic necessities but are rights based upon the highest ethics, and in their great Trades Congresses they have accepted the principle of the Taxation of Land Values as the best means whereby these things can be most easily and justly secured.

### The Bills Are Moderate And Just Expedients To Get Back To Sound Principles.

I have pointed out and proven the violation of constitutional, economic, and moral law, by which feudalism and commercialism, aided by lawyers and Pressmen, have brought about a dangerous social condition: millions of our people living amidst conditions in which virtue, decency, and health are rapidly giving way ; hooliganism rampant in our streets; in every city crowds of unemployed, many of them mentally or physically unfit for anything but penal farm colonies.

Every year tens of thousands of acres are passing from the production of £10 worth per annum into pasture producing 25s. worth, and finally deteriorating into waste worth two-and-sixpence per acre as game preserves. A buying power of millions sterling per annum is thus lost to the kingdom. Besides this, our country workers are being driven in tens of thousands into the towns to add to the struggling, deteriorating mass of unemployed.

Yet "the prophets (the Press) continue to prophesy falsely in the streets, the rulers bear rule through their preaching; the people love to have it so, and what will ye do in the end thereof?"

"Ye have blinded the Labour Samson  
And robbed him of learning's light,  
But his sluggish brain is moving  
And his sinews have all their might.

"Ho! look well to your gates of Gaza,  
To your privilege, pride, and caste.  
For the Giant, though blind, is thinking,  
And his locks are growing fast."

A tax of two shillings in the pound imposed upon ground values would at once give us twenty, or more probably thirty, millions sterling per annum in relief of labour and capital. But a more important point is this: that the tax, being levied upon the full value that the land would have if put to the best use of which it is capable, would at once force into the market some twenty-five million acres of land at present held idle. It would thus gather back to the land at least one million families of wealth producers, and these would possess a spending-power not at present existing of perhaps 200 millions per annum or £8 per acre more than at present produced.

#### This Principle Of The Bills.

It is true that the Bills promoted by our organisation are intended only for the boroughs, but that is because, as representing municipalities, we had no authority to include the counties. But our principles are applicable to these also, and already the county authorities are taking up the matter.

The principle of our Bills is to obtain from ground values an amount not exceeding two shillings in the pound upon the true annual value, and to devote it to the reduction of the rates. The true value of the land, apart from buildings, having been fixed by the assessor, the tax would be imposed, whether in use, or in partial or imperfect use, or in the most valuable use. The result would be that all land of the first and second categories would be immediately put into the market. It would not pay any one to hold up land for a congestion price were the tax fairly levied upon its actual market value year by year. Thus builders would be able to buy at reasonable prices. Indeed, the quantity that would come into the market would reduce the price, and enable corporations or private builders to supply proper houses to the working classes. At present the price of land seriously prevents this. The Bill would levy the tax upon every beneficiary in proportion to the amount by which he is benefited.

The economic doctrine laid down by Herbert Spencer, J. S. Mill, and the great authorities quoted above, is that natural agents, limited in supply, upon access to which the very existence, as well

as the liberty of the human race depends, absolutely belong to the community and must be rented from the community. When we create "artificial monopolies" we make a charge, in the public interest, upon those upon whom we confer them. We protect persons in the possession and use of copyrights, patents, manufacture, and sale of certain things upon payment to the community. But we have lost sight of the necessity to protect the community from the private person. By Divine and human law, the person who, by his labour and capital, produces an article is its owner, and neither individual nor community has any right to deprive him of it; but the value created by the community belongs to the whole community, as do also those natural agents which the Creator of the Universe has brought into existence for the use of His creatures.

#### The Landlord Reaps What The Community Sows.

The city of Glasgow every year has an increase in ground values of £40,000. Now, this is created by the expenditure of the people's rates in streets, sewers, parks, hospitals, libraries, tramways, telephones, gas, water, &c, and also by mechanical and chemical discoveries that increase the productive powers of labour and capital; in short, by everything that makes Glasgow a more desirable place to live in. Is it not monstrous that, after supposing you have abolished slavery, you compel labour and capital to submit every year to pay increasing rates to enable private persons to add to their ground rents (house rents they are called) this £40,000? Why, in eighteen years our city could be rate-free if we grasped the true inwardness of the question. Houses deteriorate, like other articles, in value year by year. Science also cheapens their cost of reproduction; but Sir R. Giffen tells us that from 1860 to 1903 the rise of house rents was 100 per cent.! The Board of Trade Blue Book gives us 25 percent advance upon houses under £20 during twenty years. But during those twenty years food fell 38 per cent.

It is clearly land value that has risen, though called house rent. But if the £40,000 annual increase be the value created by the whole community, every shilling of it should go to the community as a matter of natural justice; yet we go on paying away to a class which "toils not, neither does it spin," that which we have gained by the cheapening of food, clothing, and building, and by the increasing skill and wise outlay of the whole community, instead of devoting it year by year to the improvement of those who created it.

This must, of necessity, continue to keep the mass of labour that struggles to exist in the lower stratum of society in a mindless, hopeless, degraded condition. The unemployed, slum, hooligan, and drunken problems must continue unsolvable. The middle classes may be deluded into bearing such feudal blackmail by seeing an occasional man of their class, by superior greed, cunning, or luck, mount into the upper or idle class of loafers upon industry, who have been able to buy the right to plunder their own and coming generations; but men to whom religion and science have given higher ideas of the objects of life will see that "Thy kingdom come, Thy will be done on earth as it is in heaven," did not contemplate the vast mass of mankind being condemned to conditions out of which only a few could possibly ever emerge into lives worth the living.

#### How The Community May Reap Its Own.

Civilisation constantly increases man's powers of production at a decreasing cost. This would enable a larger population to live in increasing comfort but for the competition engendered to

obtain access to that absolute necessity of all human existence—land. But this competition enables the land monopolists to extract from Society an ever-increasing charge for right of access to this essential source of all production. This charge is called "rent." Thus, while every human commodity goes down in price because procurable at a decreasing cost, land, the natural agent, being insusceptible of extension, keeps constantly rising in value.

It is obvious, therefore, that by allowing private property in land we are establishing an increasing number of economically useless people, who are enabled to live in ease and idleness without contributing either services or commodities to the social organism. The abolition of the unnatural and immoral law by which this state of things obtains can only be effected by appropriating all economic rent to the service of those who create it, that is to say, the whole people. This the taxation of land values will accomplish.

Natural monopolies also must belong to the community, or frightful evils, like those now operating dangerously in our country, must of necessity exist and increase. "If a man will not work" — by hand or brain in the service of the community — "neither should he eat," is good Scripture, good common sense, good economics; and the enforcement of this principle will right most, if not all, of the social and industrial wrongs that now confront us.

#### Some Objections Considered.

At one of our early Conventions an objection was advanced "that the expense of separately valuing land and houses would be so enormous as to make it impractical." Mr. Henry, the assessor for the city of Glasgow, who has the largest experience of any man in the United Kingdom, replied that "it would add little or nothing to the cost of valuing them together, as at present. The value of the house could be determined by any builder, and the balance of the valuation is the land value."

Professor Smart, of Glasgow, opposed us upon a point that it is really difficult to follow. He urged that until subjects are feued it is impossible to know their value, and as they cannot be feued till built upon, it would be impossible to value land unbuilt upon and held up for a speculative price. But I think the fact that separate valuations are now in operation without inconvenience or extra cost in New York, Wellington, Berlin, and many cities in Germany, and the great success that has attended the introduction of the taxation of land values in Australia, New Zealand, and Germany, have disposed for ever of this objection.

The objection of "confiscation" is perhaps the rallying ground upon which the British Philistines will make their last stand. "Words," says Horne Tooke, "are the counters of wise men but the money of fools." The word "contract" is a sacred commercial term that is allowed to pass in most cases without definition or examination. But there is no "contract" between the landed classes and the landless masses. Probe deep enough and it will be found that all "titles" to private property in land are based on force and fraud. And as Herbert Spencer asked, in his *Social Statics*, "At what rate per annum does wrong become right?" How, again, can a legal transfer of a limited ownership constitute an absolute ownership? What say the authorities I have quoted in this article?

From Abstract To Concrete.

But since, as Mr. J. M. Robertson says, "The English mind is ceasing to be capable of generalising," I will give concrete refutations of this doctrine of contracts:

Mr. Mathieson bought a great part of the Island of Lewes, paying some £250,000 it is said. He then, like any commercial man, preceded to raise the rents of the crofters and do as he liked with his own. A cry of distress arose from the crofters, whose fathers occupied those glens and mountains when Caesar's legions were in Britain, and Glasgow came to their aid. A Commission was appointed, and out of it came a Land Court which, despite the shouts of "contract," "private property," "confiscation," and so forth, from great papers like the *Glasgow Herald* and the *Scotsman*, and despite the pathos — or is it bathos? — of the plea about the "widow and the orphan," always raised in the interests of rich or well-off widows and orphans, when reforms are suggested on behalf of poor, industrious widows and orphans, cut down the rents of Lady Mathieson and many other male and female vassals by purchase or original appointment by 40 per cent to 50 per cent, and all the arrears of rent were wiped out!

Lord Balfour of Burleigh asked me, upon my examination at the Royal Commission, if my doctrine did not imply confiscation? I gave him the above illustration, and asked him was that confiscation? *He did not say that it was!*

Let any one read Sir Frederick Moulton's evidence, alluded to by Lord Balfour in his Report upon the incidence of taxation — Education Rate and Income Tax — on the land owners, who had leased their land upon condition of all taxes being paid by the lessee, and who were yet brought by Act of Parliament under the obligations of these acts, and then ask himself if the taxation of land values is not in accordance with precedents, and called for by the laws of natural justice. We are simply demanding the restoration of stolen property.

The principle was contained in the following old English denunciation of the kind of Justice that—

"Sent the wretched knave to prison  
Who stole the goose from off the common,  
But let the greater felon loose  
Who stole the common from the goose."

#### Evolution, Not Revolution.

A further objection is that our Bill is inadequate from the standpoint of strict justice — that it only restores a part of the people's natural right.

I admit this; but the law of growth does not permit of violent changes. We cannot overleap the intermediate steps in evolution; nor can we in reform. The wrongs of 500 years cannot be put right by one Act of Parliament, much less at the barricades. Were reform met by violence, as once or twice in my life-time seemed likely, then I would risk the awful consequences of "red ruin and the breaking up of laws"; but by the mercy of God all chance of that has departed from these islands for ever.

As Chairman of the Committee of the Glasgow Corporation for the relief of the unemployed I know the terrible condition of the people of the second city of the Empire. But I also know there is a willingness in our upper and middle classes to be just. Our Bill will enormously relieve the rates. It will solve the housing question by bringing the land at present unrated or only imperfectly rated into the market, and it will bring us by a gentle stage up to the next advance when another 2s. in the £ will be demanded. By that time society will have become educated up to the principle that land values form the only just source of public revenue, and that until the national revenues from this source prove insufficient to meet the working expenses, local, national, and imperial — which unless the nation go mad, can never be — no rates or taxes, direct or indirect, should be levied upon industry. And when once the principle of the taxation of land values is applied in all its fulness, the accumulated capital and the great natural resources of the United Kingdom, together with the acquired skill and the splendid racequalities of our peoples, will enable us to maintain the advantageous position we have so long held in the march of the nations.