

men's labours, yet hating the toil which alone endows them with wealth. They are the evil remnants of the feudal system, who, in their faded power, have sunk into the bribers and corrupters of the electors of the country. They are the fatal heritage which France was obliged to remove, and which America, happily for herself, has never known. They are the true "surplus population"—ever consuming, nothing producing—fed, clothed, and sheltered at the expense of the nation, and returning to the nation nothing but hindrance to its welfare.

Such a system—a shilling a day to a labourer who *does* labour, and a thousand pounds a day to a lord who does *not* labour—such a system contains within itself either the elements of national decay, or the elements of national disaster. Either the nation must be sacrificed to the landed interest, or the landed interest (composed of thirty or thirty-five thousand families in Great Britain) must be sacrificed to the interests of the nation. Either the population will found or seek new countries where labour shall meet with a more equitable reward, or a war of classes will ultimately ensue, having for its theme, not *liberty*, as in former days, but *property*. If the population diminish—and it seems already to have that tendency—England must relatively decay, and, notwithstanding all her wealth, fall into the rear of those younger nations, where the spirit of man is esteemed of more importance than the mere wealth he can create. And if, on the contrary, the labourers of England go on increasing as heretofore—the wealth of the few standing out continually in stronger and stronger contrast with the poverty and degradation of the many—there must come a time when the classes will enter into a struggle of which none can foresee the results. It may be a peaceable struggle, but for the time it must be attended by those disasters which—like the fevers that cure a long course of constitutional derangement—bring many latent evils to the surface, disfigure the aspect of society, and for a time engender a tumultuous life of present suffering—although, it *may be*, of future health.

The great requisite, then, is to return to the laws of Nature, of Providence, of God—to let the skilful and industrious man be rich, and not to accord wealth to those who produce nothing for the welfare of mankind. If, as I have endeavoured to prove, the rents of the soil are the only common profits of the whole labours of the community, the rents of the soil are the only legitimate source of taxation—the only possible source from which the revenues of the nation can equitably be derived. To tax labour is to disunite society—it makes the nation only an aggregation of unassociated individuals. To tax the rents of the soil is to unite society—it makes the nation a community bound together by the ties of a common interest, and a common welfare. This is the true, and the only true, theory of a *Nation*—that the soil belongs to it in perpetuity, and never can be alienated from it; and that he who will give the greatest rent for the soil becomes its cultivator, and pays the rent to the nation for the benefit of the whole community. Then, but not till then, will labour reap its natural

reward—the reward appointed by Providence in the divine constitution of the terrestrial economy. Then will the welfare of one be the welfare of all—then will men be banded together by a true citizenship—and then will the first great step be taken towards that mighty brotherhood which springs from our common parentage, and which is at once the promise and the prophecy of the Christian faith:—

"And man to man the world o'er
Shall brothers be, an' a' that."

[The above passage is open to little comment by way of criticism, except that Dove does not show how the rent of land should be allocated to the nation; nor is it clear whether he would have obliged landholders to pay not only the rents they were actually receiving but also the rents they might receive, whether their land was used or not. He does not indicate that his policy would directly raise wages, in addition to procuring for the labourer the indirect advantage of an equal share of the rents collected by the State. Henry George came later to correlate the law of rent and the law of wages, and to formulate the easy and rational plan whereby existing taxing machinery might be employed for appro-

propriating rent by the taxation of land values and abolishing all other taxes, without involving a needless shock to present customs and habits of thought or a needless extension of governmental machinery. While the rent so appropriated would be devoted to public purposes, just as the proceeds of the present (unjust) taxes are employed, the effect would be at the same time to liberate industry, to cause all land to be put to its best use, to reduce rent to a just level, and *necessarily* to increase wages.

We cannot blame the feudal system for our present ills, nor is America any better for not having experienced that system. It is the lesson of *Progress and Poverty* that, given the right of individuals to appropriate rent, any country will suffer the "fatal heritage" of more and more unequal distribution of wealth caused by the natural increase in rent and by the speculation in land which the expectation of future increase engenders. Dove evidently regarded America as a country free from landed privileges, but it never was. Conditions in America and in all civilized countries to-day prove that the law of rent knows no geographical boundaries.—EDITOR, *Land & Liberty*.]

THE CHURCH AND SOCIAL PROBLEMS

Land Value Taxation Urged

AT THE invitation of the Archbishop of York a conference under the auspices of the Industrial Christian Fellowship met at Malvern in January, 1941, and its findings were published in a document entitled "The Life of the Church and the Order of Society." The Conference, however, desired further elucidation of certain questions which were referred to a Committee of Industrialists and Economists with Theologians. The report of this Committee with an introduction by the Archbishop of York has now been published under the title *Malvern and After* (Industrial Christian Fellowship, price 2d.).

The report says that "the ordering of human life in accordance with God's laws involves the provision for all mankind of the opportunity to live in the dignity and freedom proper to those who are God's children, created for fellowship with him, and, in Him, with one another, both here and hereafter." For this every citizen should have sufficient and appropriate food, suitable housing and living conditions, and "opportunity to contribute to the well-being of the community, and fulfil his personality in true fellowship."

In enumerating the basic rights which should be secured to every individual the Report declares that "every citizen, every people, and every government should regard the resources of the earth as God's gifts to the whole human race, to be used and conserved with due consideration for the needs of all mankind in its present and future generations."

In amplification of this a later passage in the Report says:

"Far-reaching changes in the present system of land ownership are required.

"Occupying serviceable ownership is a pre-requisite of any ethically sound land system. Absentee ownership and

non-serviceable ownership are contrary to a morally sound system. Serviceable ownership must be both subject to discipline if it fails in its stewardship, and also admissible to remedial assistance if unforeseen or natural causes hinder fruitful stewardship. In like manner any system of rating and taxation, local or national, must be conformable to ethical principles and not based solely upon considerations of expediency.

"Much of our trouble is due to ill-managed land; to the evils of mortgaging and to the existing rights of landlords; and it is undeniable that these last are excessive if social function is taken as the justifying correlative of possessive rights. In particular, the owner of the sites of cities has hardly any function that would not be as well or better performed by a public body, while he absorbs a great deal of wealth communally created; this is conspicuously true of those who own land on the outskirts of growing towns. These are tempted to hold up land needed for development in hope of a rise in price. Thus private interest is directly opposed and deliberately preferred to public welfare. That is morally wicked; but it is also so pernicious politically that it ought to be prevented. For some critics, it is not ownership which is objectionable but the power to collect economic rent, to evict, and to forbid the use of natural resources.

"Both these classes of evil would be remedied in great measure by the levy of a tax on the value of sites (as distinct from the buildings erected upon them), whether used or unused, rural or urban. In this field the inversion of the natural order, which is characteristic of our whole modern life, is especially important. If house property is improved (a social service) the rates are raised and the improvement so far penalised; if it is allowed to deteriorate (an injury to

A LADY ON LOCAL INCOME TAX

society) the rateable value is reduced and the offending landlord is relieved. Taxation of the value of sites (as distinct from the buildings erected on them) would encourage the full utilization of the land. The initial valuation might be made by calling upon the owner to value the land himself, the State having power to purchase the land compulsorily at the figure named or to levy a tax on it as may seem more expedient in each case. This would end speculation in land for private advantage, which is always anti-social. The purchase of land as an investment should be discouraged, but its purchase for owner-occupation should be encouraged."

This is a notable declaration. It recognizes unequivocally the right of the community to the value of land which is created and maintained by the community, and it states clearly the practical means of achieving this through land value taxation accompanied by the repeal of other burdensome and unfair taxes. The Committee say that the objectives they set out "are not ideals for to-morrow, they are imperative for to-day," and the Archbishop emphasizes in his foreword that action "is called for, not after the war, but now."

The *Church Times* (23rd January), in an article which damns the whole report with faint praise, says: "In discussing land ownership, the committee fails to draw a clear distinction between agricultural and urban land, which present completely different, though connected, problems. In suggesting that most troubles in town and country would be 'remedied in great measure by the levy of a tax on the value of sites,' the committee makes, it is true, a specific proposal, but one that is completely out of date so far as agricultural land is concerned."

On the contrary one of the great merits of the report is that it abandons the attempt to draw a distinction between agricultural and other land. All production commences with the land. There is no economic difference between using land for growing food, or timber, or cotton and using it as a source of coal, oil, or other raw materials, or as a site for carrying on any activity. Land value taxation is as applicable in the one case as in the other. It draws the proper distinction, which is not between one use of land and another, but between the land itself and the buildings or other improvements which have been made on it by man's labour.

Correction.—On page 5 of our January 1942 issue, for Lord Braxted read Lord Braxfield; for Hoddington read Haddington; for Fyshe Palmer read Fyshe Palmer.

2s. 6d. LAND AND FREEDOM. A new, comprehensive and up-to-date treatise on Land Value Taxation. By Fredk. Verinder.

2s. 6d. LAND VALUE RATING. Theory and Practice. A handbook for all interested in municipal finance and the rating question. By F. C. R. Douglas, M.A., L.C.C., M.P.

6d. LAND VALUE TAXATION IN PRACTICE. Review of what has been done in a number of countries. By A. W. Madsen, B.Sc.

3d. THE LONDON COUNTY COUNCIL AND SITE VALUE RATING. Debates on the Bill and discussion in the Press.

1s. MY NEIGHBOUR'S LANDMARK. Short studies in Bible land laws. By Fredk. Verinder. New (fourth) Edition.

IN AN article contributed to *Local Government Service*, December issue, the journal of the National Association of Local Government officers, Lady (Shena) Simon argues at great length in favour of a municipal income tax. An extraordinary feature is that in the three pages devoted to local taxation, its present basis and the need for reform, not a word is said about the rating of land values, no hint of the hundreds of municipalities that have agitated in its favour and demanded the necessary legislation. More important, if not significant, is the absence of any reference to the Site Value Rating Bill promoted by the London County Council. In fact, the completely uninformed attitude toward the claim that land values are public values and supply the true, just and healthy source of municipal expenditure (for the lady is dealing with the rating question) obtrudes itself throughout the statement.

Lady Simon gives Denmark as a precedent for her municipal income tax proposals, asking if that kind of tax can work there, why cannot it be made to work here? It is true that in Denmark a local income tax has been in operation for many years; but by all progressive thought it is held to be iniquitous, a tax on earnings and industry and enterprise, which ought to be abolished. It is with that end in view that the rating and taxation of land values has been promoted and legislation carried so far that in the counties there is neither a local income tax nor any rate on buildings; the County rate is a land value rate; in the parishes quite 40 per cent of the local tax revenues come from land value rating; in the boroughs the land value rate varies, reaching a present maximum of what is equivalent to more than 3s. in the £ of annual land value. Over and above this local taxation there is a uniform (though small) national tax on the value of land, apart from buildings and improvements, in town and country alike.

Lady Simon mentions that in Denmark there is "a real estate tax" for local purposes, but the admission is wholly inadequate, for the term "real estate" is an equivocation. The Danes know better, as the slightest attempt at enquiry would have discovered. They distinguish between that part of "real estate" which consists in buildings and improvements and which they say should be tax-exempt, and that part of real estate which consists in the land, which no one has made or can make and the value of which is due to the presence and activities of the whole community. They distinguish between the value of land and of all other "real estate" in the periodic valuations made over the whole country, urban and rural alike. They make the same distinction in the taxes that are imposed, so that in fact this so-called "real estate tax" is for the most part a rate levied on the value of land alone. If Lady Simon had visited the Central Valuation Department she could have examined for herself the land value maps of Copenhagen, for example, and had the whole progress of land value rating explained to her.

The basis of the British rating system is correctly described by the lady as

unsound and unfair. She insists upon the injustice of taxing houses and other buildings and improvements, but her argument takes the strange turn of avoiding the obvious fact that houses are built on land and the community makes the land valuable. The solution is to stop taxing houses and buildings and to levy the rates on land values, that is, on the value of all land *apart from buildings and improvements*, whether the land is used or not.

The local income tax, for which Lady Simon's sole excuse is the so-called "ability to pay" basis (does she accept or apply that basis in paying her grocer's bills?) is just the present system of rating in another guise—escape for those who collect and profit by appropriating the value of land and encouragement of the speculator to withhold valuable land from use; penalty upon industry wherever it raises, or tries to raise, its head.

The correct relations between the citizen and the state are not stated in any terms of "ability to pay," but in terms of advantages enjoyed and benefits received. The value of land reflects those advantages and those benefits in such marked degree that on moral grounds alone, not to speak of expediency and economic wisdom, public policy must in any peaceful and progressive state move more and more towards the abolition of taxes on wages and the processes and results of industry and the resort to the rent of land for public revenue. It is on these grounds that the municipal agitation for the rating of land values has been carried to the House of Commons, and will be carried again triumphantly.

In an article on the re-afforestation of Palestine in the *Zionist Review* (14th November) Mr Ahuva Holzman says that it was "a treeless country, denuded of its forests famous in Biblical times, by wars, lack of afforestation and partly due to the fact that the old Turkish government imposed a tax on trees. The tax, though small, was sufficient to deter people from planting and to encourage them to cut down existing timber." One is reminded of the passage in *Progress and Poverty* (Book VIII, Chap. III) where Henry George says: "The mode of taxation is, in fact, quite as important as the amount. As a small burden badly placed may distress a horse that could carry with ease a much larger one properly adjusted, so a people may be impoverished and their power of producing wealth destroyed by taxation, which, if levied in another way, could be borne with ease. A tax on date trees, imposed by Mohammed Ali, caused the Egyptian fellahs to cut down their trees, but a tax of twice the amount imposed on the land produced no such result."

2s. 6d. WHY THE GERMAN REPUBLIC FELL. And Other Studies of the Consequences of Economic Inequality, in twenty-eight chapters. Edited by A. W. Madsen, B.Sc.

1s. WHY RENTS AND RATES ARE HIGH. 600 Examples of Land Monopoly in town and country. The argument stated for the student, the writer and the speaker. By A. W. Madsen, B.Sc. Paper covers, 1s. Cloth bound, 2s.