

into the public treasuries of the State and municipal authorities. The taxation of land value would not burden Labour but, on the contrary, cheapen land and make it easier for every man to obtain his own home.

The meeting of small-holders in Køge, therefore, exhorts all other small-holders' organizations in the country to subscribe to this policy in the matter of taxation, and calls upon the political parties, that look for the support of the small-holders, to place this demand on their programme, and to carry it by legislation through Parliament as a taxation reform.

The propaganda for the reform has since made great headway. The first practical step in legislation was to carry out trial valuations in certain typical rural and urban districts, and as a further experiment valuers were instructed to assess land value when in 1916 the periodical valuations for the fixed property tax were made. In 1919 the then Radical-Socialist Government promoted Bills for a national tax and for the local rating of land values, but did not proceed with them. A general election intervened and the present Moderate Liberal Administration took office. This political change did not, however, interfere with the work of valuation, and in 1920, as we have already stated, the land value of every property was once more ascertained. The new valuation of 1923 and the periodic revisions to follow will naturally be of a much more practical nature with every taxpayer keenly concerned

in accuracy and fairness, since these valuations are now the basis of taxation, whereas the object of the previous valuations was rather to gain official information and experience.

Mr. Abel Brink, the President of the Danish Henry George League, and Mr. Jakob Lange explain in letters quoted elsewhere that the next step is to advance the question among the local rating authorities. As we have reported from time to time, there are exceptional opportunities in this field. The Government is pledged to introduce legislation. The Magistracy of Copenhagen has taken the lead in demanding the reform. In June, 1921, the provincial towns at their annual convention made a requisition to Parliament for power to rate land values, that comes all the more significantly from them as the bulk of their revenue is at present derived from local taxation on incomes.

The first step has been taken; it is now a matter of carrying on. The movement for the Taxation of Land Values in all parts of the world may look with pride and gladness to what has been accomplished in Denmark and to the prospects of further achievement, not only benefiting all who live by labour and industry in that country, but inspiring by this example the renewed and redoubled efforts of all who are working to promote the cause, wherever they may be.

A. W. M.

OXFORD LIBERAL SUMMER SCHOOL

MR. COMYNS CARR ON THE TAXATION OF LAND VALUES

At the evening session of the Oxford Liberal Summer School on 3rd August, Mr. A. S. Comyns Carr, who spoke on "Land," was greeted with the Land Song as he entered the hall.

Mr. Comyns Carr characterized the land question as the most important subject in purely domestic politics to-day. The song they had sung brought reminiscences of days when they carried on an agitation under the leadership of one who was now ranged against them.

The leasehold system existed all over London, and in about half the other towns in the country. It was one of the greatest curses from which the country suffered, and ought to be brought to an end with the greatest rapidity. It was a pestilent system, and the worst of it was seen when the leases were getting towards their end, when with restrictions on the property, neither landlord nor tenant would do anything to bring up the property to modern requirements. The whole thing should be abolished, and there should be a right of renewal for leasehold property at a fair rent.

The housing problem to-day was as bad or worse than immediately after the Armistice. The Government had not even kept pace with the normal increase in housing requirements, and had not begun to attempt to meet the accumulated shortage. There were many causes for the failure, finance being at the bottom. At a time when building costs were very high they put forward efforts on a gigantic scale with the inevitable result of forcing up prices.

The builders were not slow to take advantage of the position, in spite of the fact that the ultimate sufferers were the members of their own trade in urgent need of houses. Wages were increased, hours and output reduced, and restrictions put on outside recruits, preventing the expansion attempted by the Government from bearing successful fruit. Money was wasted like water, and then came the Geddes axe, and social reform was cut first. Land acquired at enormous cost and prepared for building was left derelict, and in some instances men had been employed to cover up foundations of houses to avoid public criticism. The whole system had become a farce.

There was another question closely related to housing.

It was part of the policy of this Government to develop the natural resources of this country. In France natural resources were being developed; Italy was relieving itself of dependence on England for coal by developing water power, and the whole of the southern railway system of France was being electrified. We had water power in England, the Government had been advised to develop it, and the Government had had for three years plans in their pigeon-holes, but they had not touched it because they could not make sure what to do with objecting landlords.

That led him to his final point—rating and taxation. He preferred to call it relief from taxation of improvements. The policy he had referred to was an obvious economic proposal. If they wished to develop the provision of houses, factories, improvement of land, building and railways, the worst way they could do it was to tax the man who carried out the improvements and let off taxation the man who did not. That was the system we had carried out in this country for 300 years. And the great step forward we had to take was to abolish that policy and substitute a tax which should operate equally against the man who did and the man who did not develop national resources in so far as it was in his hands to develop them. Mr. Carr alluded to the way in which people who cleared slums were penalized. If where a man cleared a slum and built decent houses on the land, they taxed him only on the value of the land, it would be an encouragement to clear away the slums. If they did this, they would not require subsidies and municipal action on an enormous scale. The building question was now back to a condition in which if a builder was not burdened with rates on the value of building when he had erected it, he would come into the market again, and they would not have to rely solely on municipal effort.

The back of the housing problem would have been broken if they had applied the system of rating land values. If they brought it into force to-morrow they would set free the whole of the forces of the private and municipal builder and also the forces of development in other directions he had indicated, and they would in that way not only have the quickest solution of the housing problem, but would be making a real step forward in the direction of developing the natural resources of the country.

MR. MADSEN ON THE NECESSARY LEGISLATION TO PUT THE POLICY INTO PRACTICE

Mr. A. W. Madsen addressed the Oxford Liberal Summer School at its afternoon extra session on Friday, 4th August, held under the auspices of the United Committee for the Taxation of Land Values. Major H. E. Crawford presided.

Mr. Madsen said that the official Liberal policy, as worked out in committee and endorsed last year at the National Liberal Federation meetings in Nottingham and Newcastle-on-Tyne, contained a practical programme for the Taxation of Land Values that ought to be familiar to all Liberals. The proposals were precise and workmanlike, and at the time they appeared in the report of the Liberal Industrial Policy Committee the MANCHESTER GUARDIAN rightly remarked they read more like a finished Act of Parliament than as a draft political programme.

The first step in this legislation was to secure a valuation of the true present-day market value of each piece of land in separate occupation and apart from any improvements thereon.

The definition of land value, and the perception of the causes that gave rise to it, provided at once an answer to the question why it should be devoted to the common good. A value was revealed that was due to no work done nor capital expended upon the land by any present or former owner or occupier; it was due *solely* to the opportunities which the land provides for business, trade or habitation, compared with the opportunities afforded by other land available for similar purposes. The value (high in some places and low in others) attached to the land, whether the land was vacant or improved, and independently of the use to which the land was actually being put. It accompanied and reflected the material progress of the community as a whole and provided a natural and proper source of revenue, peculiarly suited to pay for the performance of public services.

No more effective inducement was required to develop and improve the land in the best interests of the holder, and of the community of which he was a member, than the knowledge that a tax or rate on the true value of the land must be paid in any event, and that improvements were correspondingly freed from taxation. The result would be a healthy stimulus to the building and allied trades, to agriculture and to manufacture, and increased opportunities with higher rewards to all who engaged in industry, whether with their labour or their capital.

The preliminary work of valuing land separately from improvements had been done under the provisions of the Finance (1909-10) Act, 1910; and although that valuation was now out of date and was in certain other respects incomplete, the particulars obtained were of vital importance. The records now lay in the district valuers' offices and the Government had refused to divulge the information they contained. The public had been permitted to know nothing except that the aggregate of the so-called "total value" (a technical term that included the value of improvements, plus some part of the land value) was returned in a rough-and-ready way at a sum of 5,268 million pounds. The ascertained facts about the value of the land had been intentionally withheld. Out of all the ruin and debris of recent political reaction they had at least this satisfaction, that the Land Valuation Department, although now expressly prevented from performing the special duty it was established to perform, was still in being and continued to register the details of transactions in land. The Government had lately resisted an attempt to destroy even that shred of its functions.

The information now in possession of the Valuation Department would make it easy to effect a revaluation of the whole country. The official Liberal policy had declared for a national tax on all land value annually levied at the rate of *not less than* one penny in the pound of the selling value, with *not less than* one-fourth of the amount of local rates to be imposed on land value. These were urgent

reforms, but the date when they could be carried depended on the still more urgent matter of revaluing all the land in the country. He suggested that that could be accomplished in little more than six months, and the new Valuation Act should provide, among other things, that (1) A simple definition of land value should be given and land only should be valued; it was not necessary to value improvements since they were not to be taxed; (2) due allowance should be made for improvements that merge in the land, with a time-limit for the expenditure incurred thereon; (3) present market values should be ascertained; (4) there should be a register of the value of the different interests in any piece of land; (5) valuations should be revised periodically; (6) the lists should be supplied to all local rating authorities and be open to public inspection; (7) the valuation department should be an independent department of State, free from control by the Inland Revenue or other tax-levying or tax-collecting authority, and concerned purely with the business of valuing land for all purposes.

The new tax and the new rate on land value should be imposed so that payment was made by each person interested in the land and in proportion to the value of his interest, with certain provisions to allow for the relief that the present occupier would get from the reduction of rates levied on the present basis. That was a matter to be discussed when the Land Value Rating Bill was produced. The valuation and the national tax could be enacted within any financial year if they were linked together in a Budget measure, and the way would then be clear for a thorough-going reform of local taxation.

So much for the necessary legislation. Along that road lay the alternative to the present methods of obtaining the public revenue, which were so largely responsible for poverty and unemployment, bad housing conditions and stagnant trade. The natural resources of the country were privately owned, and the privilege of ownership was deliberately protected by exempting valuable land from taxation if it was not used. The present taxes were assessed so that the more industrious a man was the more he had to pay. One man, for example, turned good agricultural land over to sport and made a fox covert of it. His assessment was reduced from £1 to 5s. an acre. In the same neighbourhood (Cambridgeshire) other land was improved and devoted to intensive cultivation. There the assessment was increased from £150 to £580 for the 660 acres in occupation. In both cases the absurd and iniquitous rule of rating operated that any property must be valued at the rent obtainable for it in its existing condition, if let for a year *in that condition*. That of course meant the exemption of idle land, however valuable it might be; and it meant a heavy penalty on the best use of land. Our towns were surrounded by a "ring of monopoly," with land rated at some nominal figure if not adequately used, although it had a high value in the market when wanted for any kind of development. In London and the 35 adjacent districts, with a total area of 193,889 acres, no fewer than 53,242 acres were rated (in 1911-1912) as "agricultural," and the rates paid on that land worked out at an average of only 5s. 1d. per acre. As London extended and grew, people must get access to these 53,242 acres, but what price would have to be paid for any one of them? Certainly a sum out of all relation to the value now assessed for rating purposes. Lord Bledisloe, speaking in the House of Lords on 24th May, on the Allotment Bill, said that in Bristol the difficulty was that, although a large number of citizens required allotments, they could not obtain land on anything like fair terms because the industrial value of it was so high. As a comment on that statement let them consult the House of Commons White Paper, 119 of 1913, with its revelations concerning the so-called "agricultural" land in all English and Welsh boroughs. In Bristol there were 9,960 acres of such land out of a total area of 19,000 acres. This land, with its "high industrial value," paid rates averaging only

6s. 6d. per acre. It was not necessary to cite more examples. The thing was notorious. They could not deny the results of such a system in forcing up rents, causing overcrowding and closing unlimited opportunities for employment in both town and country. If the land had this "high value" it should be rated and taxed accordingly. Then it would come quickly enough into use and the prices and rents would fall.

The present system made no distinctions in regard to property, except that it gave peculiar favours to owners of land and allowed them to appropriate the wealth produced by the labour and capital of others. It proceeds on the plan universally condemned as Bolshevism, that the State need obey no moral law, but could take anything it saw fit to take. The Taxation of Land Values, on the other hand, did make the fundamental distinction between what truly belonged to the individual and what belongs in common to all, and on that ground it had to be upheld.

Other countries had carried through some instalment of the reform, and there they could find even in these small beginnings full justification for the claims he had made. There was no doubt about the simplicity, cheapness and accuracy of valuing land apart from improvements, whether in town or in country; nor any question that the land value so revealed was sufficient to meet the cost of necessary public services and good government—in which reckoning the cost of useless and extravagant "money for social reform" schemes and interest on excessive public debts was not included. Much testimony as to the effects of taxing land values and untaxing industry (as in New Zealand, New South Wales, Queensland, Victoria, the Transvaal, Canada, etc.) had been gathered at the Information Bureau of the United Committee, and the proof was conclusive that the reform had benefited every community where it had been adopted. In Denmark, where the land of the whole

country, rural and urban, had been valued separately from improvements in 1916 and again in 1920, the Government were putting through a national tax on land values, and had announced their intention to legislate for local rating on the same basis.

Among the precursors of Henry George, including William Ogilvie, Thomas Spence, Tom Paine, Winstanley, Fintan Lalor and others, he would mention the late Sir John Macdonell for his remarkable book, *THE LAND QUESTION*, published in 1873, and offer the following eloquent extract from that work as a final word:—

"We vex the poor with indirect taxes, we squeeze the rich, we ransack heaven and earth to find some new impost palatable or tolerable, and all the time, these hardships going on, neglected or misapplied, there have lain at our feet a multitude of resources ample enough for all just common wants, growing as they grow, and so marked out that one may say they form Nature's budget. Such seems the rationale of the subject of which the land question forms a part. And so we may say that if property in land be ever placed on a theoretically perfect basis, no private individual will be the recipient of economical rent. . . . I know how far out of the path we and others have strayed, how hard it is to hark back, and how easy it is to speak in three words that which generations of strong minds will not accomplish. We have been putting hills and seas between us and this principle. Not in our time, perhaps never, will they be wholly cast down and utterly dried up. But I still presume to think that it is good to contemplate a splendid possibility, some dim similitude of which may one day be realized, to the unspeakable benefit of society."

At the conclusion of his address Mr. Madsen was asked and answered many questions.

THE INDUSTRIAL PROBLEM

By G. A. Goodwin, C.M.G.

Many men of good character and sound ability fail to find employment. Whatever their vocations—farm-hands, mechanics, labourers, clerks, traders, or such like—they all live on and from land. Moreover, there is no possibility for them to find work without using and occupying land. This applies to the consulting specialist no less than to the unskilled worker.

There is much usable land lying idle.

In every city there are valuable plots of unused land, and every city is "ringed in" by high priced land that is only partially used or wholly unused. In this country there are millions of acres of land either wholly undeveloped and absolutely unused, or only partially developed and very indifferently used. Some of this land is let at nominal rents, the owners retaining the right to resume the possession on short notice. The remainder is vacant. This land is not only usable, it is wanted for houses, shops, and industrial enterprises, or for educative and recreative purposes. It is idle because with present conditions no one has seen his way to make full use of it at the owner's terms.

No rates are paid for this unused land. For the land let at a nominal rent rates and taxes are paid on the nominal rent, not on the price of the land. When the sale of land yields a profit the seller receives the profit tax free. On the other hand, all who occupy land are assessed for rates on the value of the buildings, machinery and equipment they use. The rates are collected from the occupiers or users, even in those years when they are so unfortunate as to be losing money.

Titles to the land that is withheld from use, are legally protected. If living abroad the owners escape all our rates and taxes. Subject to these conditions land is bought

and sold as if it were a commodity produced by man, and not something provided by Nature—something which is vitally necessary for the life of man, and for which there is no substitute.

The more capital there is, the more do "traders in land" compete with one another, and with the users of land in buying land. In prosperous communities this inevitably causes the price of land to rise.

The legal authority to withhold land from use free from rates and taxes, coupled with the right to receive tax-free all increase in its value which may have arisen whilst it has been lying idle, gives traders in land an unfair advantage over those who employ land usefully. On the face of it, this difference in assessing those who use land, and leaving unassessed those who withhold it from use, seems unfair. The results are disastrous.

"Traders in land" find it lucrative to limit the supply of land on the market, in order to raise the price of the urban, mineral-bearing, and other desirable land which they hold in reserve.

The price now being paid for thousands of acres of the urban land that is most used, is equal to a rent of upwards of £40,000 per annum per acre, and the price is still rising. Our national accounts are so arranged that it is not possible to arrive at the total amount paid for land. That the total is staggering is evidenced by the prices arrived at for the purchase of the plots of land which are from time to time bought by public authorities under The Land Acquisition Act, 1919, and also by the prices paid in the market for plots of freehold and leasehold land in our cities.

In all cases where the land is used for mining, manufacturing, or trading purposes it is the public who finally