

considered to be the incidence of a tax on house-rents. It would be far more accurate to call him an advocate of land-value taxation. Much remained to be done to give the matter precision, but the essentials are all here: That land value is unearned, that it is due to the activities of the community, and that a tax on it will not discourage the production of wealth.

Space does not permit us to deal exhaustively with Adam Smith's observations on other forms of taxation. It may be

observed that he does not favour a tax upon wages. He does not disapprove of a tax on interest, but says: "There are, however, two different circumstances, which render the interest of money a much less proper subject of taxation than the rent of land. First, the quantity and value of the land which any man possesses, can never be a secret, and can always be ascertained with great exactness. . . . Secondly, land is a subject which cannot be removed; whereas stock easily may. . . ."

Stock cultivates land, stock employs labour. A tax which tended to drive away stock from any particular country would so far tend to dry up every source of revenue, both to the sovereign and to the society."

These are considerations of great importance, and still too often overlooked in discussions of taxation. They are much more Adam Smith's contribution to the subject than the casual mention of taxing the rich somewhat more heavily than the poor.

CATHOLICS AND HENRY GEORGE

THE PRACTICAL proposal put forward by Henry George was progressively to reduce the taxation levied upon buildings, commodities and other forms of wealth and to replace it by a tax on the site value of land. In an article in the *Social Justice Review** (February, 1942) Mr Frederick J. Zwierlein endeavours to make out that this is a proposal which cannot be supported by Catholics.

The main ground upon which this is argued is that Henry George's plan has been condemned by Rome. The matter became a subject of acute controversy in the eighties of last century when Father Edward McGlynn, parish priest of St Stephens, New York, took an active part in advocating Henry George's proposal—a course of conduct which brought him into conflict with Archbishop Corrigan and ultimately led on 3rd July, 1887, to his excommunication. It is to be observed, however, that the formal ground of this action was Dr McGlynn's disobedience to his ecclesiastical superiors, and not the truth or otherwise of his views. In fact there was not then and never has been any condemnation of Henry George's programme.

Mr Zwierlein however quotes a letter from Archbishop Corrigan to Bishop McQuaid, dated 24th April, 1889, in which he says: "Yesterday I received, *sub secreto S. Officii*, a document announcing the condemnation of Georgism, by decree of 6th February, and requesting the communication of said decision to the Bishops of the Province, *sub eodem sigilli*. The matter is not to be made public, but we are expected to watch over the integrity of the faith." What was thus communicated under the seal of secrecy has never been made public, and all we know of it is that Archbishop Corrigan regarded it as completely vindicating his course of action.

If the matter had remained there, it would be natural and justifiable to assume that Rome had finally and definitely condemned Henry George's proposal, but it did not. In 1892 Archbishop (afterwards Cardinal) Satolli visited America as Papal Ablegate to the Church in the United States, and made it known that he had been instructed to enquire into the McGlynn case. Father McGlynn drew up a statement of his teaching and submitted it to Monsignor Satolli, who directed it to be examined by a committee of four of the Professors of the Catholic University of Washington, and they declared it "to contain nothing contrary to Catholic teachings." On 23rd Decem-

ber, 1892, the Papal Ablegate announced from Washington that Dr McGlynn was declared free from ecclesiastical censures and restored to the exercise of his priestly functions. Three weeks later Monsignor Satolli drew up a lengthy statement reviewing the case in which he declared that "Dr McGlynn had presented a brief statement of his opinions on moral-economic matters and it was judged not contrary to the doctrine constantly taught by the Church, and as recently confirmed by the Holy Father in the Encyclical, *Rerum Novarum*."

It is perfectly clear that Monsignor Satolli was sent to America with full power and express instructions to settle the McGlynn case. Moreover, it was examined upon its merits and not upon side issues as to whether Dr McGlynn had been lacking in obedience to his superiors. If any confirmation of this was needed it is to be found in the book by Mr Arthur Preuss entitled *The Fundamental Fallacy of Socialism*, to which Mr Zwierlein refers. Mr Preuss holds that Monsignor Satolli and the professors made a profound mistake in their decision, but he has no doubts as to what they decided. He says that the tenets of Henry George and of Dr McGlynn are "essentially the same" and that Dr McGlynn "was absolved from censure by Mgr Satolli without being requested to retract his former teaching." He not only did not retract it, but continued to expound it.

After the publication of the Encyclical *Rerum Novarum* the view was certainly held by many people that it contained an implicit condemnation of Henry George's proposal, although no specific mention was made of that. Henry George himself thought so and in 1891 wrote his book entitled *The Condition of Labour* as an open letter to the Pope. At the same time an Italian translation was published and a specially bound copy was presented to Leo XIII by Monsignor Caprini, the prefect of the Vatican Library. It is therefore clear that by the time Monsignor Satolli was sent to the United States the Holy See was well acquainted with the nature of Henry George's policy. The significance of the decision in the McGlynn case is therefore evident, and, being published, it must be taken to have overridden any previous secret decision of a contrary nature. It is hardly seemly or reasonable for Mr Zwierlein to call the decision in the McGlynn case a "mystery of iniquity."

If there had been a mystery to be cleared up, one might expect to find it dealt with in the Encyclical *Quadragesimo Anno*. This was issued on the fortieth

anniversary of *Rerum Novarum* and one of its purposes was to resolve doubts which had "arisen concerning the correct interpretation of certain passages of the Encyclical (*Rerum Novarum*) or their inferences." What the later Encyclical does say is this: "First, let it be made clear beyond all doubt that neither Leo XIII, nor those theologians who have taught under the guidance and direction of the Church, have ever denied or called in question the twofold aspect of ownership, which is individual or social according as it regards individuals or concerns the common good."

This is precisely the theme which is developed in the statement which Dr McGlynn submitted to Monsignor Satolli, as the following extracts will show:

"All men are endowed by the law of nature with the right to life and to the pursuit of happiness, and therefore with the right to exert their energies upon those natural bounties without which labour or life is impossible. . . ."

"But it is a necessary part of the liberty and dignity of man that man should own himself, always, of course, with perfect subjection to the moral law. Therefore, besides the common right to natural bounties, there must be by the law of nature private property and dominion in the fruits of industry or in what is produced by labour out of those natural bounties to which the individual may have legitimate access, that is, so far as he does not infringe the equal rights of others or the common rights."

"It is the chief function of civil government to maintain equally sacred these two natural rights."

"It is lawful, and it is for the best interests of the individual and of the community and necessary for civilization, that there should be a division as to the use, and an undisturbed, permanent private possession of portions of the natural bounties, or of the land; in fact, such exclusive possession is necessary to the ownership, use, and enjoyment by the individual of the fruits and products of his industry."

"But the organized community through civil government must always maintain the dominion over those natural bounties, as distinct from the products of industry and from that private possession of the land which is necessary for their enjoyment. . . . The assertion of this dominion by civil government is especially necessary because with the very beginning of civil government and with the growth of civilization, there comes to the natural bounties, or the land, a peculiar and an increasing value distinct from and irrespective of the products of private industry

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URBAN COUNCILS AND THE LAND QUESTION

existing therein. . . . This value represents and measures the advantages and opportunities produced by the community, and men, when not permitted to acquire the absolute dominion over such lands, will willingly pay the value of this unearned increment in the form of rents, just as men, when not permitted to own men, will willingly pay wages for desired services. . . .

"The fund thus created is clearly by the law of justice a public fund, not merely because the value is a growth that comes to the natural bounties which God gave to the community in the beginning but also, and much more, because it is a value produced by the community itself, so that this rental value belongs to the community by that best of titles, namely, producing, making or creating. To permit any portion of this public property to go into private pockets, without a perfect equivalent being paid into the public treasury, would be an injustice to the community. Therefore the whole rental fund should be appropriated to common or public uses."

The way to achieve this, as Dr McGlynn goes on to explain, is by means of a tax on "the annual value of the land itself, irrespective of the use made of it or the improvements on it."

It will be seen with what scrupulous care Dr McGlynn distinguished between the land itself and the buildings and other things made by man. This distinction Mr Zwierlein obscures by talking of real estate, which he says is overburdened with taxation. Houses and other buildings are certainly overburdened by taxation, but the land value is not. On the contrary in the State of New York alone there are tens of thousands, perhaps hundreds of thousands of lots of subdivided land which are unused and held in the hope of some future increase in value. To exempt real estate from all taxation, as Mr Zwierlein suggests, will simply encourage this stupid and anti-social practice. Whereas to tax the land value and exempt buildings will encourage home-ownership, make land available for use at a reasonable price, and help trade and production. It would certainly be strange to think that this sensible policy was "in conflict with Catholic Doctrine." Happily it is not, nor has the Church ever felt it necessary to issue any condemnation of the legislation which in Australia, New Zealand, South Africa, Denmark, and elsewhere has established the beginnings, or rather a substantial instalment, of the proposal advocated by Henry George and Dr McGlynn.

3d. THE TRUE NATIONAL DIVIDEND. Pros and Cons of Social Credit. By W. R. Lester, M.A.

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

3d. A GREAT INIQUITY. By Leo Tolstoy.

4d. KARL MARX'S THEORIES OF SURPLUS VALUE AND LAND RENT. By F. C. R. Douglas, M.A., L.C.C., M.P.

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

1s. WHAT'S WRONG WITH TAXATION? By Judge Jackson H. Ralston.

THE AIREBOROUGH (Yorks) Urban District Council at its May, 1942, meeting carried unanimously a resolution declaring that:

"This Council, having in mind the rather secret investigations and the arrangements for local government reconstruction now proceeding under Government auspices, feel that the best interests of urban district councils, and their local communities, would be more effectually safeguarded and advanced if a separate and distinct Urban District Councils Association were created for the West Riding of Yorkshire, and invites all such Councils seriously to consider the question at an early date; and that copies of this resolution be sent to all urban district councils in the West Riding."

At the call of the Aireborough Council, a representative Conference of Urban District Councils in the West Riding was held in the Civil Court, Town Hall, Leeds, on 3rd June and a resolution was unanimously adopted to form the new association. The case was put by Councillor Joe Walker of Aireborough who after explaining the administrative arguments in its favour and the assistance the Councils could give each other through a separate and distinct Association (just as there are U.D.C. associations in Middlesex, Leicestershire, Lancashire, Cheshire and in the North Riding of Yorkshire), gave a number of additional reasons of a comparable and economic nature:—

"Because rural, parish, and county local government is largely manned by the agricultural and landed interests which has a distinct bias in favour of a continuation of a complete de-rating of land and farm premises.

"Not only are they given rate exemption to the tune of £10,800,000 annually in England and Wales, but Government subsidies for 1939 for various forms of agricultural production amounted to £22,984,935, so that we have here a free gift to the Vested Interests of Land an annual sum of £33,784,735.

"Since 1939, because of a complete cessation almost of agricultural imports in War Time, and the consequent development and general expansion of our home production, new subsidies and grants have been conceded until land values in rural areas and urban and town areas have greatly increased, while so much competition for blitzed sites in cities has taken place that even the Government had to take action against it, but the consequence of this general activity to enhance values, is that, it is estimated, they have risen between 25 and 30 per cent.

"We all are, or should be, interested in Housing and Town Planning, but are we all aware of the fact that the first Town Planning Act was passed in 1909, and comparatively little has been done to implement this and subsequent Acts, for the simple reason that dear land and dear money has held us up all along the line.

"Mr Neville Chamberlain on the 6th October, 1935, when Chancellor of the Exchequer, spoke at a dinner at the Birmingham Town Planning Institute, and mentioned that although provisional steps had been taken for town planning

schemes covering 12 million acres, only 150,000 acres were subject to final and completed schemes. He added: 'It is inevitable, in view of the complication and multiplicity of the interests concerned, that there should be considerable lag between resolutions of provisional control and the coming into operation of the scheme. I shall not live to see it, and before it comes about, irreparable damage will have been done, millions of pounds will have been wasted, and probably many thousands of lives will have been lost for want of orderly and careful planning.'

"The source of all the trouble is land-lordism, or, as Mr Chamberlain so delicately put it, 'the complication and multiplicity of the interests concerned.' How much more easy it would have been to deal with them if Mr Chamberlain had not been so precipitately anxious to destroy his predecessors' valuation and land value tax.

"In February, 1906, a deputation from 118 local authorities presented to the Government a petition signed by 518 local authorities, urging legislation for the separate assessment and rating of land values. In 1931 the Finance Act was passed with a provision for a land value tax and a land valuation which, with certain necessary amendments that could easily be made (ruling out such exemptions as the Act contained) laid the foundation for the long-demanded and long-delayed reform in local rating. But obstruction again succeeded. The National Government elected on the grounds of financial economy in the autumn of that year, although pledged not to do any partisan thing, at once suspended the land value tax and the valuation provisions, and repealed them in 1934.

"All this apparent reiteration of the great importance of Land rating and taxing is vital, because it brings our minds back to the real cleavage of interest between the rural and county local governing bodies and the urban authorities and emphasises strongly the urgent need to form a separate and distinct Urban District Councils Association.

"We Aireborough Councillors would say we want the proposed new Urban District Councils Association for the West Riding of Yorkshire to be second to none in practical level-headed efficiency, but withal to be inspired with a desire for equity and justice. We are not opposed to a reasonable democratically-chosen regionalism wherever it is obviously for the public good and which safeguards the legitimate interests of the constituent bodies, their servants, and the community generally; but we are opposed to having imposed upon us from above, without consultation, a totalitarian despotism which may be calculated to give us mere amalgamated machinery without soul and the humanities of life."

The American Journal of Economics and Sociology, May issue, contains Miss V. G. Peterson's very favourable review of the book *Why the German Republic Fell*, published by the Hogarth Press, London, and on sale at the reduced price of 1s. net.