

been harnessed to Lord Haldane's gesture that anything could be achieved, in any direction, with so much capital, in the form of education at hand. Meanwhile we continue to back the man with no education and a patch of ground, as against any scholar standing idle in the market place with no such alternative.

Adam Smith's Definition of Capital.—Again we quote from *PROGRESS AND POVERTY* :—

In short, by political economists in everything except their definitions and first principles, as well as by the world at large, "that part of a man's stock," to use the words of Adam Smith, "which he expects to afford him revenue is called his capital." This is the only sense in which the term capital expresses any fixed idea—the only sense in which we can with any clearness separate it from wealth and contrast it with labour. . . . Nor is the definition of capital I have suggested of any importance. I am not writing a text-book, but only attempting to discover the laws which control a great social problem, and if the reader has been led to form a clear idea of what things are meant when we speak of capital my purpose is served.

Tolstoy on Henry George.—We take this opportunity to commend new readers of *LAND AND LIBERTY*, and they count these days, to a reading of Henry George's works. In reply to a correspondent Tolstoy wrote :—

I have been acquainted with Henry George since the appearance of his *SOCIAL PROBLEMS*. I read them, and was struck by the correctness of his main idea, and by the unique clearness and power of his argument . . . and especially by the Christian spirit . . . which pervades the book. After reading it I turned to his previous work, *PROGRESS AND POVERTY*, and with a heightened appreciation of its author's activity. You ask my opinion of Henry George's work, and of his single-tax system. My opinion is the following :— . . . It is Henry George's merit that he not only exploded all the sophism whereby religion and science justify landed property, and pressed the question to the farthest proof, which forced all who had not stopped their ears to acknowledge the unlawfulness of ownerships in land, but also that he was the first to indicate a possibility of solution for the question. He was the first to give a simple, straightforward answer to the usual excuses made by the enemies of all progress, which affirm that the demands of progress are illusions, impracticable, inapplicable. The method of Henry George destroys this excuse by so putting the question that by to-morrow committees might be appointed to examine and deliberate on his scheme and its transformation into law. . . .

Housing When the Government is not in the Market.—Addressing a meeting at London, 30th March, Sir Kingsley Wood, M.P., said : Since it had been made clear that the Government was not in the market for an unlimited number of houses, the cost per house had been reduced by one half, and tenders were being received for under £400 per house. The lowest tender ever received at the Ministry came in this week. It was a tender of £388 for a house with three bedrooms, parlour, and kitchen. It was expected that tenders would be still lower. In that event the time when house-building would be an economic proposition for the private builders was in sight. Commenting on this statement the London correspondent of the *GLASGOW HERALD*, with reference to the hope that some encouragement might be given to private builders, said : "Some time ago a Scottish deputation waited on the Secretary for Scotland to urge the remission of taxation for a specified period to builders. The Government, however, decided to watch the effect of a similar experiment in America before coming to a decision." After time, energy and much money

has been spent in showing how not to solve the housing problem it has at last dawned upon the Government that their going into the market as house-builders with all the power and influence of the public purse behind their schemes sent up the price of land and materials. They have spent much money to prove that the Government are incapable of solving the housing problem. The taxation of land values with the corresponding remission of taxes on houses will yet come into its own.

Where the Tax is not "passed on."—The information we publish elsewhere concerning the working of land value taxation in Johannesburg raises some interesting points. An ounce of practice is said to be worth a ton of theory, and practice in Johannesburg has proved that if the tax on land values is "passed on" to any party, it is passed on to and must be borne by the party who has hitherto appropriated land value to his private use. It is officially reported that owing to the incidence of the tax on land value, the selling value of land has decreased since 1913 from £16,300,000 to £14,530,000—and that in spite of the increase in population. If the landowner could pass on the tax to the tenant or add it to the price of goods his land would be worth more, not less, to him ; but it is not so.

The tax is now 10d. in the £, a very high rate as local taxation is regarded in South Africa, where the town have been accustomed to a figure of 2d. or 3d. Some voices have been raised that in Johannesburg, land value has now reached its limit as a source of taxation ; but the contention is absurd, since there is still left in the hands of owners land having a market value of approximately £14,500,000 ; and in addition the municipality is securing an annual sum of £605,000 as economic rent taken in taxation. This means that the true annual value of Johannesburg is £605,000 plus the rent enjoyed (*free of taxation*) by the landowners, which is, say, 4 per cent of £14,500,000 or £585,000—that is, altogether, £1,185,000. Land value as a source of taxation is, therefore, not nearly exhausted, so far as Johannesburg is concerned.

Further Light on Johannesburg's Experience.—In Johannesburg a practical problem has arisen which in itself is easy of solution. The increasing tax has diminished the selling value of land, so contracting the basis on which the tax is levied. This experience shows (what we have often pointed out) that when the taxation of land values gets under way it will be necessary to adopt an assessment which represents the whole amount of the land value and not merely that portion which is left for private appropriation after taxation is paid.

Another significant result of the taxation of land values in Johannesburg* is that while selling value of land has decreased by nearly £2,000,000, the value of houses and improvements has increased by more than £3,000,000 in the same period. Here is a city where within a few years the annual income provided by the taxes has nearly doubled and not a penny of additional taxation has been placed on improvements ; on the contrary, improvements have been exempted and the tax levied on them in 1913, amounting to £186,770 a year, has been entirely swept away. The "burden of the rates" has not fallen on industry, and all the time the community has enjoyed an ever-increasing public revenue.

A Conservative Estimate.—Dr. Robert Jones in his book on *TAXATION, YESTERDAY AND TO-MORROW*, published recently by Messrs. P. S. King & Son, Ltd., London, makes the remark :—

The State ownership of land is an idea that reaches far back in history ; and there are still huge areas of State land in many countries. It is not a great stretch of the imagination to conceive the State, in this country, as the sole possessor of the land. Now the total rent