

WHY TAX LAND VALUES?

The nineteenth and twentieth centuries have been marked by a prodigious increase in wealth-producing power. The utilization of steam and electricity, the introduction of labour-saving machinery, the greater subdivision and grander scale of production, the wonderful facilitation of exchanges, have multiplied enormously the effectiveness of labour.

It was expected that inventions would have lightened the toil and improved the condition of the labourer, and that real poverty would have become a thing of the past, but on the contrary it has been found neither to have lessened the toil of those who most need respite, nor to have brought plenty to the poor.

It is true that wealth has been greatly increased and that the average of comfort, leisure and refinement has been raised, but these gains are not general. In these the lowest class do not proportionately share. This association of poverty with progress is the great enigma of our time.

Land, Labour and Capital are the three factors of production. The term "land" includes all natural opportunities or forces, the term "labour" all human exertion, and the term "capital" all wealth and credit used to produce more wealth. In return to these three factors is the whole produce distributed. To landowners, rent; to human exertion (physical or mental), wages; and to capital, interest.

There must be land before labour can be exerted, and labour must be exerted before capital can be produced. Labour is the active and initial force, and labour is therefore the employer of capital. Labour can be exerted only upon land, and therefore land is the field and material of labour.

Place 100 men on an island from which there is no escape, and whether you make one of these men the absolute owner of the soil, or absolute owner of the other 99 men makes no difference, for by simply refusing them permission to work upon the island they would be starved.

If one man can command the land upon which others must labour, he can appropriate the produce of their labour as the price of his permission to labour.

The equal right of all men to the use of land is as clear as their equal right to breathe the air. We cannot suppose that some men have a right to be in this world and others have no right. No man can claim an exclusive right to land itself. He is only entitled to appropriate improvements added by him to the land.

The Liberal Party does not propose either to purchase or to confiscate private property in land. The first would be unjust, the second needless. It is only necessary to appropriate land values by taxation.

Tracing out the cause of the unequal distribution of wealth which appears in all civilized countries, with a constant tendency to greater and greater inequality as material progress goes on, we have found it in the fact that, as civilization advances, the ownership of land, now in private hands, gives a greater and greater power of appropriating the wealth produced by labour and capital.

Thus, to relieve labour and capital from all taxation, direct and indirect, and to throw the burden upon rent, would be, as far as it went, to counteract this tendency to inequality, and, if it went so far as to take in taxation the whole of rent, the cause of inequality would be totally destroyed. Rent, instead of causing inequality, as now, would then promote equality. Labour and capital would then receive the whole produce, minus that portion taken by the State in the taxation of land values, which, being applied to public purposes, would be equally distributed in public benefits.

The farmer would be a great gainer by the substitution of a tax on land value for his other taxes, for in agricultural districts land values are comparatively small, but in the towns and cities are very high. In sparsely-settled districts there would be hardly any taxes at all for the farmer to pay. Acre for acre, the improved and cultivated farm, with its buildings, fences, crops and stock, could be taxed no more than unused land of equal quality. The result would be that speculative values would be kept down, and that cultivated and improved farms would have no

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taxes to pay until the country around them had been well settled.

The destruction of speculative land values would tend to diffuse population where it is too dense, to concentrate it where it is too sparse, and to substitute for the tenement house, houses surrounded by gardens.

With the opening up of unsettled areas labour would cease competing with itself for employment, employers would everywhere be competing for labourers, and wages would rise to the fair earnings of labour. Demand would keep pace with supply, and supply with demand; trade would increase in every direction, and wealth augment on every hand.

(The foregoing excellent statement of the case for Land-Value Taxation is reproduced from the Annual Report of the Scottish League of Young Liberals.)