

LAND VALUES

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"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—*Henry George.*

LABOUR AND TAXATION

Already the cost of the war amounts to upwards of three millions a day. What the total cost will amount to no one can foresee, but it is likely to be so great that the charge for interest and sinking fund will not be less than half the yield of all the taxation in force before the war commenced. The prospect of an increase in taxation of fifty per cent. or more may well fill us with alarm, especially when we consider the ill-effects of our present system of taxation.

Taxation may be so levied as to equalise the distribution of wealth, encourage production and hinder monopoly; or it may be levied so as to restrict production, make more unequal the distribution of wealth and encourage monopoly. Taxation as now levied in this country produces all these ill-effects, it is relatively much heavier upon the poor than upon the rich, it is burdensome upon industry; it prevents the employment of capital in useful production, and it grants total or partial exemption to those who restrict the development of the natural resources of the country. All these evils will be increased and perpetuated if the new revenue is to be obtained from increases and readjustments of the old forms of taxation.

The people of this country, believing that this is a just war, have assented cheerfully and ungrudgingly to the immense sacrifices it has entailed, but they will not assent so readily to taxation which will render the struggle for existence more bitter and more painful than ever, and impoverish still more the millions who live round about the poverty line.

We live in a society where the vast majority are

unable to secure any advantage from the benefits which advancing civilization has provided. Many of these good things are to be had most cheaply, it is true, but that apparent cheapness is all too dear to a family whose earnings are barely sufficient to provide food and house-room. Must we be compelled to admit that a war which is waged to save civilization from tyranny and barbarism is to make the benefits of civilization still more unattainable to those who have defended it? Are those three million men, the best of our citizens, who have volunteered to defend the liberties of our country, to find when they come back their own liberties sapped away by lower wages and longer hours of nerve-racking, soul-destroying labour? Yet so it must be, failing some radical change in our methods of raising taxation.

The lesson of all wars is the same. Our soldiers returned from the Napoleonic wars to find at home an era of high prices, wretchedness and misery. The Germans returned from the Franco-Prussian war to find their house rents increased enormously, business perturbed and employment stagnant. To quote from a speech by Dr. Adof Wagner, Professor of Political Economy in the University of Berlin, at the eleventh annual meeting of the German Reform Land Union, 8th December, 1900: "In those very years, 1871-73, rents and prices of unbuilt and built-on land rose enormously. Statistical investigations show a rise of 10, 15, 20 per cent., and more from year to year. To what was this increase due? To what action on the part of the owners of land and property? What had they done? They had sat quietly at home. . . . This meant that when the soldiers and militia returned home and wished to rent a house they had to pay 20 or 30 per cent. more. And if they had a family, they were told: You should not have too large a family; we want no tenants with five or six children. If more children came, they were told: We did not calculate on this; your family must be kept within strict limits, otherwise we cannot put up with you. . . . I assert that this simple fact that his rent is raised against the returning soldier, or that he is given notice to quit because he is blessed with a large family, has done ten times more to stir up the people than any of the theories or practical proposals of the social democrats." Surely we wish to impose no taxation that will encourage these conditions. We would wish rather to obviate them. Our aim must be to facilitate industry and increase the opportunities for labour to engage in useful production.

The saying is current on every hand that labour will refuse to come back from a life of comparative freedom to sweat in stuffy offices and gloomy factories. But

where is labour to find employment? On the land? But the land is the private possession of a few, and our laws encourage and permit those few to hold their lands out of use. In truth, labour can find no employment anywhere except on land or in adapting the products that have been won from the land, and it is imperative that some step be taken to secure that all land is used as fully and adequately as possible.

These problems must sooner or later be faced, and most likely in the near future, for there is general agreement that the financial position of the country requires that more revenue should be raised by taxation. When Parliament meets this month its most important business may be to consider the proposals of the Chancellor of the Exchequer.

War time is not an auspicious period for any reform, but it is not the fault of advocates of taxation reform that the war has made it all the more necessary and urgent. This occasion must not be allowed to pass without a protest against the attempts that have been made, and no doubt will be made in the future, to impose fresh burdens upon the poor and place fresh obstacles in the path of industry. The Land Values Group in the House of Commons can be relied upon to meet in debate those who bring forward such schemes, and in the constituencies we look to every agency and every man and woman pledged to the taxation of land values to speak out in plain language the terms of their alternative plan for raising additional revenue.

Apart and distinct from the Group, the Labour Party in the Commons should also be a force to be reckoned with. They claim to represent working-class opinions and interests, and they know how severely a tax on existing adjustments must press upon the wage earner and the poverty stricken. The Labour Party we know have other remedies for poverty in their programme; but these we need not stop to discuss at this time. The issue is now definitely raised between taxing labour and taxing monopoly, and it cannot be avoided. This is the greatest opportunity that has come to the Labour Party, since their entrance into politics, of defending the workers and of making good their claim to represent the interests of labour. Having admitted by signing the Land and Taxation Reform Memorial that the taxation of land values is a just method of finance, they are bound to use to the utmost all the power with which the electors have entrusted them to secure that the new taxation is raised in this way and not by taxes on labour. If they choose to exert this power they will be successful; if they do not choose to use it they will have most grossly betrayed the interests of those who sent them to Parliament.

THE SOCIAL DEBT

The value of any given parcel of land is nil until at least two people desire to use it, after which its value is increased in proportion to the number of people who desire possession of it. Therefore, it must be the people composing the community which creates the value of the land.

When people joined organised society they gave up certain personal liberties for the protection and benefits which organised society offered, such as police and fire protection, the privileges of owning and enjoying movable and immovable property, which, under unorganised society, if left behind by one owner, became the property of the next person who was physically able to seize and defend such property.

In unorganised society ownership in any property was defended with the life of the owner, but under organised society we have laws which protect ownership in property and relieve the proprietor from constantly packing about his earthly possessions and continually defending his right to enjoy them with his life.

In order to afford such protection and benefits, organised society incurs certain legitimate expenses, which, being incurred in the interests of the community, should quite naturally be defrayed by a tax upon values created by such community. This is what the site-tax advocates desire to accomplish.

Under this system, we do not tax any values created by man's industry and labour, but we would tax, for the benefit of the community, the values created by the community.

This is the site-tax doctrine in a nutshell.

ROBERT K. MCCORMICK.

THE FUNCTION OF RENT

It is sufficiently obvious that the share of the rent of land, which may be taken to defray the expenses of government, does not affect the industry of the country. The cultivation of the land depends upon the capitalist, who devotes himself to that occupation when it affords him the ordinary profits of stock. To him it is a matter of perfect indifference whether he pays the surplus, in the shape of rent, to an individual proprietor, or, in that of revenue, to a government collector.

In Europe, at one period, the greater part of at least the ordinary expenses of the sovereign were defrayed by land which he held as proprietor; while the expense of his military operations was chiefly defrayed by his barons, to whom a property in certain portions of the land had been granted on that express condition. In those times the whole expense of the government, with some trifling exception, was therefore defrayed from the rent of land.

If a body of people were to migrate into a new country, and land had not yet become private property, there would be this reason for considering the rent of land as a source peculiarly adapted to supply the exigencies of the government: that industry would not by that means sustain the slightest depression; and that the expense of the government would be defrayed without imposing any burden upon any individual. The owners of capital would enjoy its profits; the class of labourers would enjoy their wages, without any deduction whatsoever; and every man would employ his capital in the way which was really most advantageous, without receiving any inducement, by the mischievous operation of a tax, to remove it from a channel in which it was more, to one in which it would be less productive to the nation. There is, therefore, a peculiar advantage in reserving the rent of land as a fund for supplying the exigencies of the state.

JAMES MILL (1820).