

## LAND & LIBERTY

(Incorporating "LAND VALUES.")

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Here are two simple principles, both of which are self-evident :

I.—That all men have equal rights to the use and enjoyment of the elements provided by Nature.

II.—That each man has an exclusive right to the use and enjoyment of what is produced by his own labour.

There is no conflict between these principles. On the contrary, they are correlative. To secure fully the individual right of property in the produce of labour, we must treat the elements of Nature as common property.—*Henry George*: "Protection or Free Trade," chapter 26.

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## THE BUDGET AND THE LAND VALUE DUTIES

The Chancellor of the Exchequer, Mr. Austen Chamberlain, making his Financial Statement in the House of Commons on 19th April, announced the decision of the Government to repeal the Land Value duties, to forego the collection of arrears, and to grant refund of the amount of duties paid.

The decision comes naturally from a Government opposed to any form of taxation which dares to touch the Ark of the Covenant. The duties are to be abandoned, and because nothing has been substituted in their place the Budget is called a "landlord Budget." The term is inappropriate if it means nothing more. A thousand millions are taken in all kinds of ways, with the exception of a tax on the owners of land sufficient to bring in as much as the trumpery duties, and the owners are said to be peculiarly benefited. Unless the words pro-landlord and anti-landlord are stretched much beyond their usual acceptance, they do not apply in the discussion of what is or is not the proper source of revenue. They savour too much of the idea that the landlords should contribute like others to the taxes, and that justice is done to others, if, while labour and capital bear their specific burdens, the landlord as such pays an "equivalent share."

Taxation, in this view, is regarded as a necessary evil and as the weapon used in an inevitable strife between one class of individuals and another and between all individuals and the State. So it is made direct or indirect, is imposed by customs and excise, on the incomes of the rich and the necessities of the poor,

on expenditure and savings, on production and exchange, and is collected in a net growing ever wider—all by way of asserting the spurious right of the State to coerce and mulct the citizen. If the landlord, as landlord, seems to escape, other taxpayers are supposed to comfort themselves with the grievance that "he grows rich in his sleep." What he gets is his but as it comes to him without work or sacrifice it is "unearned," and he ought to pay somewhat more than others. Therefore any Government that does not call for a special contribution from him is said to be a friend of the landlords.

Sentiment of that kind is out of place. It takes an absolutely false view of the rights and wrongs of taxation. Neither now nor at any time should the demand be made for some anti-landlord scheme of taxation, devised to balance the exactions upon wages, trade, industry, expenditure and consumption. The protest should be made against the repression, the harm and the destruction caused by any and every tax, no matter who pays it, which penalizes production and interferes with exchange. The community does not require to submit its needs to such shifts and expedients and make taxation akin to incessant civil warfare. It has its own natural revenue in the value of land, which could be taken to the last penny for public purposes without depriving anyone of what rightfully belongs to him, without increasing prices or fostering monopolies (as existing taxes do) or hindering production. The revenue which the value of land offers to the community as its rightful property could be easily and cheaply collected and no argument can gainsay the certainty and equality of the taxation that would appropriate it for the common benefit.

But the appropriation of the value of land by taxation means more than a just and healthy method of securing public revenue. It would have profound social and economic effects by preventing anyone from withholding land from use or exacting a price from others for permission to use it. In the existing circumstances, the owners of land control the sources of production and they can, if they will, and do repeatedly deny access to that which is essential to life—the raw material of the earth, which Nature has provided. The privilege of holding land without paying rent for it to the community is the prime cause of the bad social adjustments which are apparent in the unnatural extremes of wealth and poverty and all the evils that flow from the bad distribution of wealth. And as that is the cause, so the remedy depends alone on the recognition of common property in land. The application of the remedy is to charge rent to every holder of land in proportion to the value of the land he holds, using the machinery of taxation for the purpose. Just taxation is therefore more than a fiscal and financial reform; it is intimately bound up with the solution of industrial and social problems.

The 1909 Budget was preceded by a prolonged agitation which made these truths known far and wide, and it was received with enthusiasm because it gave expression, even in halting fashion, to the distinction between property in land and property in things. It ordered a universal Valuation of the land apart from improvements and raised hopes that the long overdue reform of a pernicious rating system was at last in

sight. The Valuation was taken as a sign that in future both national and local taxation would bear less harshly on commodities and improvements and absorb more and more of the value of land. How these hopes have been deferred by the responsible politicians who held out such promises is another story. The abiding fact is that what floated the 1909 Budget to success and brought political victories in another field were those land clauses which provided for a uniform and exact Valuation of all the land in the kingdom. The Land Value duties as such played a comparatively small part in the Budget campaign, at least among those who listened and responded. Their authors made as much of them as they could in anti-landlord speeches and demonstrations and defended them with arguments that would have justified the Taxation of Land Values to the hilt. Even Mr. Asquith was constrained to admit that the value of land was a communal value, an admission which stops at nothing short of appropriating the entire value of land for common purposes. It was in this atmosphere that the duties were tolerated or overlooked, the people being much more concerned about Valuation as the beginning of greater things.

The Government which imposed the Land Value duties had no intention to levy a tax or local rates on the value of all land. To do that would have been in conflict with their deliberate view that the landowner was entitled to the value of land provided it did not rise, that property in agricultural land is absolutely sacred, and that other exemptions and compromises should be made which declared clearly enough that the value of land was *not* a communal value. The Land Value duties traded on their title for a time and have in some degree deceived the unknowing on that account. They were an ill-conceived and blundering attempt to impose some taxes on some landowners on certain special or accidental occasions. Objectionable in principle as they are, they have proved as unworkable in practice as we have always maintained they were. We welcome their departure, at the hands of this or any Government, so that the way may be cleared for Land Values Taxation on right lines when Parliament so determines. The only regret is that the Parliament which will replace not merely the Land Value duties, but a host of taxes equally bad in principle and incidence, by the Taxation of Land Values, is not immediately in sight.

Let these miscalled Land Value duties be repealed. Let there be no more discrimination between one class of landowners and another, by the imposition of taxation only when a death or a sale or a lease reveals an increase in the value of land; or only if the termination of a lease shows a benefit accruing to the lessor; or only if, according to a quite arbitrary definition, subject to many allowances, the land is declared to be "undeveloped." Let there be no more schemes of taxation to allow the owner of land used for agricultural purposes to escape all taxation on the value of his land, and with him the majority of the owners of other land provided they live to collect rent or do not sell or lease their land.

The duties have nothing in common with the Taxation of Land Values. The latter would make no such discriminations and allow no such exemptions. It would impose a national tax and local rates on the value of every piece of land in separate occupation, irrespective

of the use to which the land was being put, and no matter whether the value of the land was rising or falling or was stationary. It is well to make quite clear the distinction between the one policy and the other, because we still meet the impression in the minds of some that while the Land Values duties were on the Statute Book the Taxation of Land Values was on its trial.

It is necessary also to remove the false impression that the Land Value duties were an essential part of the plan to secure a complete Valuation of all the land at its selling value apart from improvements. Given that such a Valuation was required, a sympathetic Government would have ordered it to be made by employing a staff for that purpose and that purpose alone, with full powers to oblige landowners to state their opinion as to what was the value of the land they claimed to own. This could have been done without complicating the task by fancy and indefensible taxation, and had it been done the Valuation would have been completed with accuracy and certainty in not many months more than it has taken years.

The Valuation was not done in that way. In the original draft of the Finance Bill the valuers were given power to demand a statement from landowners, but that power was withdrawn by Mr. Asquith, the then Prime Minister, and by his Cabinet, who gave way to landlord pressure and clamour. The valuers had to proceed without the assistance of the landowners, and to that cause of delay was added a volume of work thrown upon the Valuation Department from which it should have been free. The evidence handed in to the Select Committee on the Land Value duties by the Chief Valuer, Mr. Edgar Harper, and his deputy, Mr. Howell Thomas, indicates how the members of their staff were continually distracted by litigation arising out of the Land Value duties and were repeatedly called away from the orderly and systematic building up of the original Valuation to assess increments, reversions, death duties and what not. The completion of the work, so far as it has been possible to carry it, is a tribute to the courage and perseverance with which those in charge of the Valuation Department faced the difficulties placed in their way, as if on purpose.

The position with regard to the Valuation is more satisfactory than the opponents of any step in the direction of Land Values Taxation ever wished it to be. The records of the Valuation are of vital importance and any faults or deficiencies in them can be speedily rectified. We hope that the Department will be maintained. The present Government may tax as it will. It is something to know that the machinery is ready at hand for far-reaching reforms when a more progressive Parliament assumes the direction of the nation's affairs.

A. W. M.

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