

# *Book I*

## THE VALUE OF THE LAND

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### CHAPTER I

#### DIFFICULTIES IN DIRECT TAXATION OF LAND VALUES

**A** STUDY of the chief sources of social revenue suggests the following positions:

1. The existence of any society upon a given portion of the earth is the origin of the value of the land occupied by that society.

2. This value, created by the society as a whole, seems to belong to the society as a whole.

3. This value is represented, and its relative variations periodically registered, in the annual value of the unimproved land, or ground-rents.

4. Social revenue, derived from this source, seems to be derived from wealth created by society.

5. Consequently, there seems reason to regard the rent of unimproved land as the source best suited to supply social needs.

The question then arises whether the best sources of revenue should not be used to their fullest capacity before less advantageous means are adopted. If so it follows: either that all social revenue should be derived from the values of unimproved land, or that these values should be used as far as possible in meeting social requirements before other sources are touched.

Both these conclusions, however, are at variance with existing fiscal systems, in theory as well as in practice, and may be regarded as of questionable value. Again, it may seem that a society, founded at its origin upon such principles, might have adopted more or less advantageous methods; but that the societies of to-day, founded upon radically distinct conceptions, do not present a field suited to their application. It may also be questioned whether the value of unimproved land presents a fund sufficient to bear such requirements; and whether in its absorption by society, social conditions would not be generated, creating results ultimately disadvantageous.

These more or less general considerations again resolve themselves into a variety of specific, and practical objections and difficulties, occurring in great numbers, as different phases of the subject are examined. The most important may perhaps be included under the following headings:

*I. The Value of the Land.*

Is the rental value of land, irrespective of improvements, sufficiently great to bear the assessment of the entire social revenue, or of any material portion thereof? In other words, what is the relation of the annual value of unimproved land to annual social revenue?

*II. The Transition.*

Is there any method possible by means of which a transition could be effected from indirect to direct taxation without more than compensating danger to industrial and financial conditions?

*III. Confiscation and Compensation.*

Is society justified in absorbing for social needs property which it has long regarded as private, and protected in individual possession? If so, should the owners of such property receive compensation and to what extent?

*IV. The Establishment of Land Values.*

Is the separation of the values of land and improvements practically possible with accuracy sufficient to form the basis of a workable fiscal system?

*V. Can the Tax Be Transferred?*

Is it possible to shift the incidence of a direct tax on land values from land-owner to tenant or consumer through proportionally increased rentals and prices; thus exempting land values from actual contribution, although serving as the channel through which revenue is derived.

*VI. The Incidence of the Tax.*

Upon what class would the burden of such a tax fall compared with existing methods?

*VII. Labour.*

The effects of a direct system upon labour with reference to existing Protection.

*VIII. Railways.*

*IX. Money.*

*X. Property.*

*XI. Progress.*

*XII. Ethical Significance.*

These headings include, perhaps, the most important questions and difficulties suggested in the study of a fiscal system based upon unimproved land. To these, therefore, the attention may be directed.