

CONTRIBUTED

Sewerage Rates and Human Rights

THE question of rating for water and sewerage purposes is a much more interesting one than appears at first sight. It was a familiar saying in ancient times that all roads lead to Rome, and its modern equivalent is that all questions affecting rates* and taxes lead to that greatest of all principles—the rights of man. And it is the denial of the rights of man—the subjection by a land and capital owning plutocracy of a landless democracy—that is the cause of our world-wide industrial unrest. The problem that confronts all civilized countries today is how to take the land from those who unjustly own the bulk of it and restore to the people as a whole, that rightful share which everyone possesses naturally in the earth. It does not seem as if the question of rating for water and sewerage purposes had anything to do with that, and yet it has.

THE RIGHTS OF MAN

The common right of the people to the land as their inheritance from the Creator has been acknowledged, from the very earliest times of which we have any written record. Various attempts were made by the ancients to recognize those rights in practice—generally by giving every man who wanted it a piece of land on which to settle and make a living. It is only within a recent period that the discovery was made—which Mirabeau ranked as one of the greatest in the history of mankind—how to give the people their rights in the land without touching the land at all, and without seizing it from those who had too much and giving it to others who would not perhaps have the least idea what to do with it if it were given them. This method consists in appropriating the value attaching to land (apart from the value of any improvements that may be upon it), and applying the revenue thus obtained for the payment of all the expenses—Municipal, Federal or State—incurred by the community. The fundamental difference between these two values—the value attaching to land and the value attaching to improvements on the land—is the central point on which all the various problems connected with modern political economy may be said to hinge.

Whereas the value attaching to anything created by labor, or by labor combined with capital, belongs by right to labor or to labor combined with capital, the value attaching to land having been created solely by the presence and needs of the community, belongs by right to the community, and should be appropriated by the government to meet the expenses incurred by the community. It will probably be

*In England and the Colonies the term "rates" is applied to what in the United States are called local taxes: and the term "taxes" is confined to those levied by the superior government—National, State or Federal.—EDITOR SINGLE TAX REVIEW.

found that in normal times—i.e., apart from huge war debts that would not be incurred if normal conditions prevailed—the annual land value of any country would be sufficient to meet reasonable expenses. Therefore, so long as the land values are allowed to remain in private hands any tax imposed by government in normal times on the products of labor and enterprise is an unjustifiable appropriation of private property.

THE IMPOSTURE OF PROTECTION

Anyone who admits the above principles must recognize at once that the so-called system of Protection is scientifically wrong and manifestly unjust. By refusing to obtain revenue from the land value fund created by and therefore belonging to the people it denies to that extent the right of the people to their inheritance in the land, while by seizing the products of labor and enterprise through Custom House taxation it robs the individual of that which belongs to him and not to the community. And the results are as bad as the principle is fallacious. The tariff protects the manufacturer from legitimate competition at the expense both of the primary producer and the consumer. It stimulates the drift of the workers from the country to the town, to the injury both of the producers and the workers, for the former are deprived of the labor which they would otherwise get for working their farms, while the latter either have their wages reduced as a result of the increased competition in the towns, or many of them are thrown out of employment. It increases the cost of necessaries and of the articles used in production, thereby reducing both consumption and production, and by making the goods produced dearer lessens the chance of an export trade; it promotes fraud and deceit in the continual attempts to evade Customs duties, and injures the community in every way.

Moreover, the callousness produced by the working of the protective tariff in America is responsible for the harassing and degrading regulations connected with the recently enacted law which has put so many Australian tourists to extreme inconvenience and loss, and made them regard with contempt the legislators who could be capable of such enactments.

HOW TO APPROPRIATE LAND VALUES

Land values can be taken for public purposes by the Municipalities and Shires for local government purposes; by the State government for State purposes; by the Federal Parliament for Federal purposes. In Queensland, which set the example to all other countries in this respect, the whole of the Municipal and Shire rates have been levied on land values apart from improvements, for about 30 years, and in New South Wales for about half that time, first by the Municipalities outside Sydney and more recently by the City of Sydney itself.

The water and sewerage rates in the Sydney and Newcastle districts are, however, still levied on the assessed annual value, i.e., mostly on improvements. The Sydney

Free Trade and Land Values League has therefore concentrated its efforts for some months past on extending the principle of land value rating to the water and sewerage costs. The campaign, which is being conducted throughout all the Sydney suburbs, seems perhaps to be on a comparatively insignificant point, but it enables our speakers to drive home the two main points of the Single Tax creed, first, that land value is created by the community and therefore belongs to the community; and, secondly, that a tax on improvements encourages land owners to hold vacant land idle for speculative purposes, discourages the building of houses, diminishes employment, lessens accommodations, and raises rents.

A TREE IS JUDGED BY ITS FRUITS

If one can judge a political principle, like a tree, by its fruits, then the method of levying water and sewerage rates on improvements instead of on land values apart from improvements is manifestly bad. A few figures will illustrate the point. During the last three years 212 new buildings were put up in Sydney at a cost of £1,594,316. Before the buildings were erected the water and sewerage rate were only £1,237, but after they were erected the same rates were put up to £12,463, thus jumping from £1,200 odd to £12,000 odd, as a sort of reward to the landowners for putting the land to the best use. A similar state of things existed in the suburbs. During the last three years 17,267 new buildings were put up there at a cost of nearly £10,000,000. When the land was vacant the water rates amounted to only £4,037. Directly the land was put to its proper use the water rate went up to £27,316, thus penalizing the landowners for doing their duty.

HOW IT AFFECTS THE POOR MAN

A great many crocodile tears have been shed by opponents of land value rating, on behalf of the poor man, who, they say, would be "ruthlessly robbed" if the proposed change were brought about. The fact is that the poor man who owns his own home would be benefited by it, and that the present system is responsible for his being "ruthlessly robbed." As a typical instance, of which there are hundreds in the suburbs, take the case of the poor man who, after years of industry and thrift, has saved up a couple of hundred pounds which he invests on time payments in a cottage worth £700, of which £100 represents the land value and £600 the improvements on it. The assessed annual value of the property would be about £45 on which he would have to pay a combined water and sewerage rate of 1-9 in the £, which would amount to £3-18-9. On the other hand, if the rate were levied on the unimproved land value, i.e., on the £100, and the usual 3½d. in the £ were struck, he would only have to pay £1-9-2, so that he would gain, instead of lose, close on £2-10- by the change. If the value of the land were less he would pay still less, whereas the value of the improvement he put on the land would make no difference in the charge. The crocodile tears are shed, not because the poor man would be injured

by the proposed change, but because the speculative value of land would be reduced by every penny diverted from the pockets of the vacant land owner into those of the community, and because by means of the rate the rights of the people to their natural inheritance in the land would be gradually restored.

FLATS VERSUS COTTAGE

Another objection urged against the proposed change is that it would encourage the building of flats, and moreover that the owner of a whole lot of flats would have to pay no more than the owner of a cottage or of a vacant allotment of similar land value alongside. This objection (for although it sounds like two it is really one, is a stumbling block to many, so it must be dealt with in the clearest possible way.

Those who hold that land value is created by the community and belongs to the community will admit at once that land of the same value should be taxed at the same rate, and that the owner, having paid the tax, should be allowed to use the land (not misuse it) in whatever way he thinks best, provided, of course, he acts in conformity with proper public regulations. If a man wishes to risk his capital by erecting a flat, or number of flats, and cater for the accommodation of would-be residents in a locality he is at perfect liberty to do so, while the owner of the adjoining piece of land of equal value has the same liberty to erect whatever building he prefers, or even to let the land lie idle, so long as he pays the tax and commits no breach of the law. A poor man would not be likely to spend more money on the purchase of land than was necessary for the erection of his cottage, making allowance for a suitable garden, and the more the rates and taxes were concentrated on the land value instead of on the improvements the less likely would anyone be to hold the land idle for a speculative purpose. It is assumed that the water and sewerage mains are carried past both properties, and that it costs just as much to carry them past the vacant allotment as past the improved land, while it must not be forgotten that the value of each property, be it vacant or improved, is enhanced thereby. So far as the service is concerned each property is entitled to a certain amount of water, and any excess is registered by the meter and has to be paid for as such.

FOR SERVICES RENDERED

One other contention made by the upholders of the present system is that the charge for water and sewerage is for services rendered, whereas under the proposed system the owner of a vacant allotment would be charged for services that had not been rendered at all. This is, perhaps, the most plausible objection of any, but it is as fallacious as the others, for the service rendered has nothing to do with the present rate which depends entirely on the value of the improvement, the Board assessing the rate in the same way as a highwayman would demand more

from a well-dressed man with a gold watch than from a poorly dressed man without a watch at all. That this is so is proved by the astonishingly different rates levied on the worn-out building in which the *Sydney Morning Herald* carries on its business and on the modern up-to-date building recently erected by the *Daily Telegraph*. Both are in the heart of the city, and both consume about the same amount of water. The water and sewerage rate on the *Herald* property amounted this year to £315 and on the *Daily Telegraph* to £1,310. The charge for water is £1-1 per thousand gallons. If the charge had been for service rendered the people in the *Herald* office would have used 5,815,000 gallons while those in the *Telegraph* would have consumed the extraordinary quantity of 24,184,000 gallons. As a matter of fact, the water supplied had nothing to do with the charge, which was simply high in the one case because a big building had been erected and low in the other because the building was as old as the hills. It does not always do to judge people by the clothes they wear or by the houses they inhabit. In this case the *Herald* is a more valuable property than the *Telegraph* although the building in which it is located is not nearly so fine.

NEITHER INEQUITABLE NOR IMPRACTICABLE

We are continually being told by our opponents that the Single Tax is not only unjust but that it is impracticable and cannot be carried out. It would have been all right, they say, if the principle had been enforced when the land was first settled, but now that so much of it is privately owned, and in many instances sold to the present owners by the government, it would be grossly unjust to deprive them of it, that to attempt to do so without adequate compensation would bring about a revolution, and in short, that it cannot be done. But the more the argument underlying the opposition is examined the more equitable and the more easy of achievement the solution proposed by Henry George appears. In the first place, no length of time that a piece of land has been privately owned, and no amount of money given for its purchase can ever get over the fundamental fact that no individual or body of individuals, however constituted, has any right to hand over the exclusive and permanent possession to any other individual, or body of individuals those rights in the land which belong to the people of every generation. Neither can the value attaching to land per se be rightfully appropriated by any individual or body of individuals however constituted, irrespective of the rights of the rest of the community to the value which the community as a whole has created. So much for the principle of equity.

THE REAL PROBLEM

The real problem, therefore, is, not how to confiscate the land itself and distribute it among the people as a whole, but how to appropriate the land value by the government acting on behalf of the people to meet the expenses

incurred by the people. So far from being impracticable the principle can be easily applied, and has been in Queensland and New South Wales in the Municipal sphere for many years with marked success. That is the first step. In the last statistical year (1919) the sum of £2,678,636 was obtained by the municipalities and Shires of New South Wales from rates on the u. c. v., which is our shorthand for the unimproved capital value. Now we are fighting for the application of the principle for water and sewerage purposes in the Sydney and Newcastle districts, where the service is supplied by a separate Board which obtains its revenue by rating on the assessed annual value, in other words, on the improvements, instead of on the land value only as is done for other Municipal expenses. This fight over the water and sewerage rates, is very nearly won, a bill having been introduced by the Labor Government (which, by the way, has only just been kicked out) which is expected this time to pass through the Legislative Council where it was formerly wrecked. The third and fourth lines of assault will be for the application of the principle to the State and Federal spheres. So far in Australia the taxation of land values in both these spheres has been seriously marred and mutilated by exemptions and graduations, so that the fight will be to procure the removal first of the exemptions and then of the graduations, so that the principle may be equitably applied all round. Simultaneously with the fight for the levying of taxes on the u. c. v. must be the fight for the abolition of Customs House duties and all other taxes, so that the land value tax (or rather appropriation) will not be an addition to, but a substitution for, other taxes of a similar amount. Here is ample material for a political warfare lasting perhaps many years, each step forward in the freeing of the land and production being accompanied by such manifest advantages in the shape of easy access to land, the cheapening of commodities, the increase of consumption and production, the natural as opposed to the artificial rise of wages, and the opening up of hitherto undreamed avenues of employment. The hardship which landowners at present fear will accompany the proposed change will be found in practice to be mostly imaginery and unwarranted. The ease with which people will be able to obtain suitable employment, the comfortable homes they will be able to carve out for themselves, not in the wilderness as now, but within social touch of their fellow men, without fear of what the future may bring forth, the gradual disappearance of the criminal class, which will find it more remunerative and far more self-satisfying to work than to steal, and the security for property which will everywhere prevail—will amply compensate for any slight disadvantage which the landowning class at present think they will experience when the new order of things is brought about. The slogan which every Single Taxer should adopt therefore, is "Work for the Coming Day," whose advent will be hastened or retarded according to the amount of energy and enthusiasm that are put forth.

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