

Why You Should Read HENRY GEORGE

From an address by Prof. Broadus Mitchell
of Johns Hopkins University, October, 1931.



THE PERSONALITY of the MAN:

It is strange that in economics, in which human actions are inextricably tied up with physical forces, we have, in academic accounts, so largely deleted the personal characteristics of the great figures in the development of the science. Nothing so lights up a dry economic analysis as the biography of a person who thought about the same things to good purpose. Nobody can read the life of Henry George without wishing to have known him. It is a simple story, revealing honesty, courage, affection, loyalty, a keen delight in high adventure. It contains elements that appeal to everyone—modest beginnings which led on to distinction, hardships borne with fortitude, the determination to conquer fate, the eternal nourishing of a living idea directed to the help of mankind.

THE DIGNITY and BEAUTY of HIS WRITINGS:

Henry George's long newspaper training had much to do with the naturalness and clarity of his style, but back of it was the mental habit of reducing the complex to the elemental. His paragraphs are scenes in a play; his books are unified dramas. His prose is not simply a means to an end, but an end in itself, a conscious work of art. His writings may be used, indeed ought to be, in the teaching of English composition.

THE TIDINESS of the DOCTRINE:

Henry George presents a theory which is clean-cut. Anyone capable of freeing himself from social preconceptions a little bit, and able to put two and two together, cannot help grasping the point he makes. And, like swimming, or riding a bicycle, once learned, you cannot forget it. Most economic conclusions have ifs, ands, and buts attached to them. The conclusion of Henry George, in *PROGRESS AND POVERTY*, taken for itself, is bright and complete, without reservation. It recommends itself, therefore, as affording an unforgettable experience to the student mind.

THE PRACTICAL IMPORTANCE of the PROPOSAL:

I speak now of the positive issue of the doctrine in the absorption of land values to the public treasury. Unless the student of economics appreciates the entire propriety of taking economic rent in taxes he will be unable to understand what, I fancy, will be some early moves of legislators. *That thing, soon or late, suddenly or gradually*, is bound to come. It is a part of our responsibility to implant this idea, to forecast this event.

*Progress and Poverty and other books by and
about Henry George can be obtained from the*

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ARCHIMEDES

By MARK TWAIN

"GIVE me whereon to stand", said Archimedes, "and I will move the earth." The boast was a pretty safe one, for he knew quite well that the standing place was wanting, and always would be wanting. But suppose he had moved the earth, what then? What benefit would it have been to anybody? The job would never have paid working expenses, let alone dividends, and so what was the use of talking about it? From what astronomers tell us, I should reckon that the earth moved quite fast enough already, and if there happened to be a few cranks who were dissatisfied with its rate of progress, as far as I am concerned, they might push it along for themselves; I would not move a finger or subscribe a penny piece to assist in anything of the kind.

Why such a fellow as Archimedes should be looked upon as a genius I never could understand; I never heard that he made a pile, or did anything else worth talking about. As for that last contract he took in hand, it was the worst bungle I ever knew; he undertook to keep the Romans out Syracuse; he tried first one dodge and then another, but they got in after all, and when it came to fair fighting he was out of it altogether, a common soldier in a very business-like sort of way settling all his pretensions.

It is evident that he was an over-rated man. He was in the habit of making a lot of fuss about his screws and levers, but his knowledge of mechanics was in reality of a very limited character. I have never set up for a genius myself, but I know of a mechanical force more powerful than anything the vaunting engineer of Syracuse ever dreamed of. It is the force of land monopoly; it is a screw and lever all in one; it will screw the last penny out of a man's pocket, and bend everything on earth to its own despotic will. Give me the private ownership of all the land, and will I move the earth? No; but I will do more. I will undertake to make slaves of all the human beings on the face of it. Not chattel slaves exactly, but slaves nevertheless. What an idiot I would be to make chattel slaves of them. I would have to find them salts and senna when they were sick, and whip them to work when they were lazy.

No, it is not good enough. Under the system I propose the fools would imagine they were all free. I would get a maximum of results, and have no responsibility whatever. They would cultivate the soil; they would dive into the bowels of the earth for its hidden treasures; they would build cities and construct railways and telegraphs; their ships would navigate the ocean; they would work and work, and invent and contrive; their warehouses would be full, their markets glutted, and

**The beauty of the whole concern would be
That everything they made would belong to me.**

It would be this way, you see: As I owned all the land, they would of course, have to pay me rent. They could not reasonably expect me to allow them the use of the

land for nothing. I am not a hard man, and in fixing the rent I would be very liberal with them. I would allow them, in fact, to fix it themselves. What could be fairer? Here is a piece of land, let us say, it might be a farm, it might be a building site, or it might be something else—if there was only one man who wanted it, of course he would not offer me much, but if the land be really worth anything such a circumstance is not likely to happen. On the contrary, there would be a number who would want it, and they would go on bidding and bidding one against the other, in order to get it. I should accept the highest offer—what could be fairer? Every increase of population, extension of trade, every advance in the arts and sciences would, as we all know, increase the value of land, and the competition that would naturally arise would continue to force rents upward, so much so, that in many cases the tenants would have little or nothing left for themselves.

In this case a number of those who were hard pushed would seek to borrow, and as for those who were not so hard pushed, they would, as a matter of course, get the idea into their heads that if they only had more capital they could extend their operations, and thereby make their business more profitable. Here I am again. The very man they stand in need of; a regular benefactor of my species, and always ready to oblige them. With such an enormous rent-roll I could furnish them with funds up to the full extent of the available security; they would not expect me to do more, and in the matter of interest I would be equally generous.

I would allow them to fix the rate of it themselves in precisely the same manner as they had fixed the rent. I should then have them by the wool, and if they failed in their payments it would be the easiest thing in the world to sell them out. They might bewail their lot, but business is business. They should have worked harder and been more provident. Whatever inconvenience they might suffer, it would be their concern, and not mine. What a glorious time I would have of it! rent and interest, interest and rent, and no limit to either, excepting the ability of the workers to pay. Rents would go up and up, and they would continue to pledge and mortgage, and as they went bung, bung, one after another, it would be the finest sport ever seen. Thus, from the simple leverage of land monopoly, not only the great globe itself, but everything on the face of it would eventually belong to me. I would be king and lord of all, and the rest of mankind would be my most willing slaves.

It hardly needs to be said that it would not be consistent with my dignity to associate with the common rank and file of humanity; it would not be politic to say so, but, as a matter of fact, I not only hate work but I hate those who do work, and I would not have their stinking carcasses near me at any price. High above the contemptible herd I would sit enthroned amid a circle of devoted worshippers. I would choose for myself companions after my

own heart. I would deck them with ribbons and gewgaws to tickle their vanity; they would esteem it an honour to kiss my glove, and would pay homage to the very chair that I sat upon; brave men would die for me; parsons would pray for me, and bright-eyed beauty would pander to my pleasures. For the proper management of public affairs I would have a parliament, and for the preservation of law and order there would be soldiers and policemen, all sworn to serve me faithfully; their pay would not be much, but their high sense of duty would be a sufficient guarantee that they would fulfil the terms of the contract.

Outside the charmed circle of my society would be others eagerly pressing forward in the hope of sharing my favours; outside of these would be others again who would be forever seeking to wriggle themselves into the ranks of those in front of them, and so on, outward and downward, until we reach the deep ranks of the workers forever toiling and forever struggling merely to live, and with the hell of poverty forever threatening to engulf them. The hell of poverty, that outer realm of darkness where there is weeping and wailing and gnashing of teeth—the social Gehenna, where the worm dieth not, and the fire is not quenched—here is a whip more effective by far than the keenest lash of the chattel slave owner, urging them on by day, haunting their dreams by night, draining without stint the life blood from their veins, and pursuing them with relentless constancy to their graves. In the buoyancy of youth many would start full of hope and with high expectations; but, as they journeyed along, disappointment would follow disappointment, hope would gradually give place to despair, the promised cup of joy would be turned to bitterness, and the holiest affection would become a poisoned arrow quivering in the heart!

What a beautiful arrangement—ambition urging in front, want and the fear of want bringing up the rear!

(The above article appeared in Henry George's paper, The Standard, July 27, 1889, with the by-line "Twark Main." Mark Twain scholars have endorsed it as authentic, including Dan Beard (founder of the Boy Scouts of America), Caroline Harnsberger (author of Mark Twain at Your Fingertips), and Cyril Clemens (editor of The Mark Twain Journal). They note that the style of the article represents "Mark Twain at his best" and that the famous author often signed odd names, or distortions, to articles he wrote. Mark Twain and Henry George, incidentally, knew one another in San Francisco.... The present reprint is from the March 1959 Land & Liberty.)

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This article by Mark Twain is a powerful argument showing that land monopoly (land ownership) is the fundamental cause of the exploitation of human labor which, in every country makes the rich richer while the masses toil away their lives for a bare existence.

Such a system throws the economy out of balance by giving the purchasing power to a minority class of non-producers: landowners; bankers; investors; speculators and other parasites who, in the current unjust distribution of wealth, find easy and willing clients in the millions who have to borrow money. What is interest but another form of rent?

The FREE LAND LEAGUE IS AN ORGANIZATION OF CONCERNED CITIZENS who demand an end to the undemocratic land system which is the cause of all our social and economic ills and which, unless it is corrected, will destroy our Republic.

If you wish to take part in a new crusade for a free earth or get on mailing list, send name, address and phone number to: The FREE LAND LEAGUE, Box 908, 250 58th St. N.-St. Petersburg, FL. 33710. There are no membership dues and no obligations whatsoever.

In the conflicting interests that would be involved, in the throat-cutting competition that would prevail, in the bitterness that would be engendered between man and man, husband and wife, father and son, I should, of course, have no part. There would be lying and cheating, harsh treatment by masters, dishonesty of servants, strikes and lockouts, assaults and intimidation, family feuds and interminable broils; but they would not concern Me. In the serene atmosphere of my earthly paradise I would be safe from all evil. I would feast on the daintiest of dishes, and sip wines of the choicest vintage; my gardens would have the most magnificent terraces and the finest walks. I would roam mid the umbrageous foliage of the trees, the blooming flowers, the warbling of birds, the jetting of fountains, and the splashing of pellucid waters; my palace would have its walls of alabaster and domes of crystal, there would be furniture of the most exquisite workmanship, carpets and hangings of the richest fabrics and finest textures, carvings and paintings that were miracles of art, vessels of gold and silver, gems of the purest ray glittering in their settings, the voluptuous strains of the sweetest music, the perfume of roses, the softest of couches, a horde of titled lackeys to come and go at my bidding, and a perfect galaxy of beauty to stimulate desire, and administer to my enjoyment. Thus would I pass the happy hours away, while throughout the world it would be a hallmark of respectability to extol my virtues, and anthems would be everywhere sung in praise.

Archimedes never dreamt of anything like that. Yet, with the earth for my fulcrum and its private ownership for my lever, it is all possible. If it should be said that the people would eventually detect the fraud, and with swift vengeance hurl me and all my courtly parasites to perdition, I answer, "Nothing of the kind, the people are as good as gold, and would stand it like bricks, and I appeal to the facts of today to bear me witness."



Lincoln and the Land Question

Reprinted from *Land and Freedom* by the

HENRY GEORGE SCHOOL

50 East 69th Street

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LINCOLN was early employed in Danville and Springfield in helping the settlers in their struggles against the extortions and stealings of the land sharks. His name was a terror to the infamous crew who as soon as a settler filed his claim filed counter claims and compelled the bona fide settlers to yield up a fee to retain their land and thus save litigation. Other tricks were resorted to which made it a series of battles between the homeseekers and the designing and grasping men who sought to victimize them. Said Lincoln:

"I respect the man who properly named these villains land sharks. They are like the wretched ghouls who follow a ship and fatten on its offal."

He, more than any other man at the time, helped to break up this system. These homeseekers were his special consideration. He served them for small fees, frequently for no fee at all.

Through this early experience, Lincoln was learning the land question. What he saw of the evils of land speculation and the greed born of private control of natural opportunities made vivid object lessons. Nor were they lost upon that wonderfully observant mind. As one cannot be a voluntary beneficiary of an evil social institution and maintain the same attitude toward it, he shrank with a moral instinct that was part of the genius of the man from direct participation in it..

Offered the opportunity by his friend Gridley, eager to help him, of the purchase of a quarter section of land, which his friend assured him would double in price within a year, Lincoln said:

"I am thankful to you and appreciate what you do for me in so many unselfish ways that no one knows of save myself. Nevertheless, I must decline this kind offer of yours, which would no doubt profit me and harm no one directly, as I view it. I have no maledictions or criticisms of those who honestly buy, sell, and speculate in land, but I do not believe in it, and I feel for myself that I should not do it. If I made the investment, it would constantly turn my attention to that kind of business, and so far disqualify me from what seems my calling and success in it, and interfere with the public or half public service, which I neither seek nor avoid."

Lincoln saw the oppression to which the masses of men were everywhere subjected. That keen brain and tender heart were alive to the sufferings of mankind due to economic injustice. That he sensed the cause is made plain in words that are unmistakable. That he would have led the movement for the restoration of the rights of men to the earth they inhabit is also clear from what he had to say, and from what we know of his statesmanlike courage and the peculiar directness of that keen and penetrating intellect.

But the question of chattel slavery lay like a stone in the way. That removed, the monster of land monopoly was to be overthrown. And that there may be no doubt of the keenness of his apprehension of the nature of that struggle the following words furnish conclusive proof:

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"On other questions, there is ample room for reform when the time comes; but now it would be folly to think we could undertake more than we have on hand. But when slavery is over and settled, men should never rest content while oppression, wrongs, and iniquities are in force against them."

That Lincoln saw the absurdity of treating the planet as private property is proved by these words:

"The land, the earth God gave to man for his home, sustenance, and support, should never be the possession of any man, corporation, society, or unfriendly government, any more than the air or water, if as much. An individual, or company, or enterprise requiring land should hold no more than is required for their home and sustenance, and never more than they have in actual use in the prudent management of their legitimate business, and this much should not be permitted when it creates an exclusive monopoly. All that is not so used should be held for the free use of every family to make homesteads, and to hold them as long as they are so occupied."

Lincoln saw the land question. He would have dealt with it in the big way. There would have been no half-way treatment. He would have announced the freedom of mankind, the New Declaration of Emancipation, by announcing, as he does so plainly, that there is no such thing as private property in land, any more than in the air and water.

He had no doubt of the principle he laid down. Of the method to be pursued, he was not so certain. He said:

"A reform like this will be worked out sometime in the future."

He knew the movement would meet with opposition and he knew the kind of opposition it would meet. He characterized those who would oppose it in the strongest terms:

"The idle talk of foolish men, that is so common now, will find its way against it, with whatever force it may possess, and as strongly promoted and carried on as it can be by land monopolists, grasping landlords, and the titled and untitled senseless enemies of mankind everywhere."

(Quotations from Lincoln are taken from Abraham Lincoln and the Men of His Time by Robert H. Browne.)

WHY PUBLIC LANDS?

By CHARLES H. STODDARD, Director, Bureau of Land Management

Successive generations of Americans have enjoyed a seemingly limitless abundance of publicly owned natural resources—land, minerals, timber, forage, and so on. This plethora of plenty has been so enduring that its continuance has been taken for granted as another of the components of the “American way of life”—past, present and future.

During the lifetime of the present generation “explosions” of knowledge, of science and technology and of population have brought on irreversible changes which require a careful consideration of expected future needs of lands and resources now in public ownership. Public Law 88-606 (78 Stat. 982), approved September 19, 1964, authorizes the Public Land Law Review Commission to make a determination as to whether such needs can best be supplied through continued public ownership of certain sources of supply now found on public lands.

In a pluralistic society—and mixed economy—in which privately owned means of production are a strong and recognized force, the role of publicly owned lands is often questioned. The publicly owned lands in the United States today are essentially of four major groups: (1) those which were withdrawn for particular Federal purposes from the public domain, e.g., National Parks and National Forests, reclamation development, National Wildlife Refuges, etc.; (2) those which have been reacquired from private owners for specific public purposes—local, State and Federal Parks and forests largely in the Eastern and Middle Western part of the United States; and (3) those which have not stood the tests of continuous economic productivity and have become tax delinquent and reverted to state and county ownership; and (4) those which are a residual of the original public domain acquired from foreign governments and which did not qualify for agriculture of other uses under the public land disposal laws.

This brief essay is an attempt to explore the last group. It is not intended either as a position for or against continued public ownership, but rather as a presentation of certain aspects of the nature of the ownership of lands and resources. Accordingly, it seems reasonable to expect that any thoughtful consideration of substantial changes in policies of public vis-a-vis private ownership of lands and resources now in public ownership must give serious attention to the factors set forth in the following paragraphs.

Time Preference Requirement for Private Ownership

To qualify for self-sustaining private ownership, a given endeavor must generate a sufficient income including a profit at periodic intervals.

Both the allocation of benefits and the profitmaking principle are perhaps the most fundamental of the inherent differences between private and public sectors as they operate in the United States.

To qualify for continued private ownership land must provide a regular income to the owner, carry all overhead costs (taxes, etc.) and maintain the capital base without depletion. Examples of failures to qualify for this minimum economic margin—together with their adverse effect—are legion: the unsuccessful homesteads, deserted small tracts, depleted timber lands, dredged out or otherwise worked out mining operations, denuded and eroding grazing lands, abandoned town-sites, etc.; and submarginal agricultural lands returned to public ownership (local governments) for nonpayment of taxes. Hard economic experience records that much of the land now in public ownership cannot be managed continuously and profitably in private ownership without capital exploitation. And subsequent experience shows that their rehabilitation often requires heavy long-term investments or long waiting periods before they return to marginal economic use. Furthermore, lands of low productivity seldom are able to yield sufficient additional revenue to cover all overhead costs plus the expenses of maintaining watershed, wildlife and other intangible benefits.

In short, public ownership of certain lands and resources is the only practical alternative when those lands and resources cannot be operated over the long run and used “successfully” under private ownership—that is, at a profit.

Single Use or Multiple Use

Traditionally, lands and resources in the United States which have attributes for multi-purpose use by large numbers of people, but which have been acquired by private owners, tend to be developed and used primarily for the economic or recreational benefit of the owner. Representative examples are seashore and other waterfront properties, select mountain and desert areas, valuable timber lands, Iowa corn farms, choice “development” sites in the path of growing urban areas, etc. Generally the private owner will concentrate on a single—the most profitable use or uses—according to its economic or psychic potential and in keeping with the rights and privileges of ownership of private property.

But often the general public has a variety of non-economic interests in the land—hunting or camping, rock hounding, watershed benefits, wildlife habitat, etc., which may be limited by intensive private single-purpose use. Even if not limited, it is often necessary to exclude the public because of possible conflicts. The fact that there is often an outcry when public land is proposed for sale is evidence of the deep public interest in retention of access to multiple uses.

Among the raw material users—timber, forage, minerals, etc.—there are competing interests. If land passes to one type of owner the others may be excluded

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from opportunities to have access to resources. Certain privileges now attached to public domain lands (e.g., grazing permits, public hunting, etc.) are often lost when the land is sold into private ownership.

Thus, so long as the rights and privileges of private property with respect to use of such property are essentially inviolable, lands and resources with attributes for multi-purpose use by large numbers of people would appear to be widely available only under public ownership.

National Security Requirements

Continuing effectiveness of the United States defense and retaliatory systems, and in turn, National and Free World security, depend upon adequate and assured supplies of resources needed to operate and maintain highly industrialized civil and military complexes.

Fissionable materials, scarce supplies of strategic minerals, oil and gas reserves, timber and other lands and resources which are required for defense purposes ordinarily could not be acquired and maintained in sufficient quantities needed for all possible emergencies under the private enterprise system and with the traditional rights vested in private property.

Thus, if an adequate margin of supplies of resources are to be maintained for all emergencies which might threaten the national security, a strong case can be made for continued public ownership of such lands and resources as the submerged offshore lands (OCS), Alaska petroleum reserves, National Forest, O&C lands, oil shale lands and mineral reservations in certain patented lands.

Open Economic Opportunity for Local Industries and Communities

Many local industries and communities in the Western States are dependent upon publicly owned lands and resources; their survival—literally and figuratively—is inextricably tied to a continuing supply of materials and services from publicly owned lands. These industries compete with others, usually larger concerns, which own substantial supplies of raw materials.

In certain portions of a number of the Western States public lands contain the only available supply of raw materials for continuing operations of local industries. In many instances the continuing existence of communities in turn depends upon continuing operations of such industries. Typically, a significant reduction in the supply of raw materials from the public lands is followed in swift succession by closing down of the dependent industries, collapse of the local economy and a "ghost town" where previously had been a viable community.

For example, the timber industry—and the local economy and dependent communities—in western Oregon owes its continued existence to timber supplies from public lands (BLM, National Forests and limited State and county holdings). No alternative sources of supply of any consequence will be available for many decades.

Less dramatic perhaps, but no less important in many locales, are the publicly owned grazing lands, mineral deposits, recreation areas, etc.

This is not to suggest that these local industries and communities should (or should not) have any preference right or special privileges with respect to the public lands and resources, but rather that the economic and social "facts of life" are that without public ownership of such lands and resources, these smaller industries and communities could not survive in competition with larger resource holding concerns.

In lieu of tax payments a portion (or all) of the revenues derived from the sale of timber, minerals, oil and gas and forage resources is allocated among the several public bodies on a formula basis. Study after study shows many of these to be greater than ad valorem property tax equivalents would be because the full revenue is paid into public treasuries (not a portion of revenue as the tax must be if private property is to yield an income to the owner and not become confiscatory).

This allocation process has led many local and state governments to depend so heavily upon regular revenues paid them from public lands that serious dislocations in local public finance would result if the allocations ended. Experience shows that county boards and State legislators are reluctant to exchange full receipts or definitely known receipts from an uncertain tax source.

Public Works and Investment for the Future

Public lands have been found to serve several purposes in relation to national fiscal policy. During periods of unemployment and low fluctuations in the business cycle, public works in conservation often become necessary (the C.C.C. and W.P.A. of the 1930's, the Area Redevelopment and Job Corps programs of the 1960's) to provide useful employment. Larger amounts of direct work, noncompetitive with private enterprises, can be started rapidly and ended quickly when other jobs become available. Reforestation, soil conservation, park recreation facilities, etc., are productive and provide employment for rural citizens.

Another aspect of importance is the potential for public investment in natural resources on public lands to provide for future needs of a growing population. The long waiting periods or the costliness of rehabilitating damaged resources often leaves no alternative but government investment because of long-delayed benefits.

Reserve for the Future

Space—open space—land for expansion of our cities and towns is a constant requirement for a growing society. Public lands provide the safety valve to fill needs for commercial, industrial, residential and outdoor recreation needs in the future. Present public lands may well be the "Lebensraum" for future Americans.

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LAND REFORM IN POLITICS

A history of land policies and legislation in
the United Kingdom.



Definition of land-value taxation (or site-value rating) — Agitation of municipal authorities — The Land Values (Scotland) Bill — Lloyd George's land taxes (1909-10) — Repeal of the Act (1922) — Pledge of the Labour Party while in office — The Snowden Land Value Taxation Act — Repeal of the Snowden Act before operation — The Conservative threat — Revival of municipal campaign — The London Rating (Site-Value) Bill — Conservative opposition — The Town and Country Planning Act Development Charges — The Simes Committee — Repeal of the Development Charges —

FIRST — A DEFINITION

Land-value taxation is the levying of a tax or rate upon the market value of land alone, exempting all buildings and improvements, the tax being payable on all land whether it is used or not and irrespective of its use, but having regard for existing planning provisions.

Current taxation in Great Britain relating to landed property is levied on the basis of the rent that the property might be expected to yield if at the date of the assessment it were let for a year in *its existing condition*, the single exception being death duties which are levied on selling value. The result is that land is taxed according to its use, the better the use, the higher the tax. Every improvement to a property is the occasion for an increased assessment; every neglect or dereliction can occasion a lowered assessment. If land, however valuable it may be, is idle, there is no assessment. Vacant premises, so long as they are empty, are exempt from the charge of rate or tax.

AGITATION FOR MUNICIPAL TAX REFORM

The municipal agitation to amend the law governing local rating dates back to 1895. The Council of the City of Glasgow took the initiative in that year, and by 1906 it had gained the support of no fewer than 518 Scottish, English, and Welsh local authorities. Between 1902 and 1905, eight bills, some for England and Wales, and some for Scotland, were introduced by Liberal Party members, but with the Conservatives in power, none of them progressed beyond discussion.

At the general election in January 1906, the Liberal Party came to power with an overwhelming majority. In February of the same year, to an influential deputation representing 118 municipal bodies, the Government gave assurance of its intention to go forward with the valuation and the (local) taxation of land values. Later in the year the bill promoted by the Glasgow Corporation and named the "Land-Values (Scotland) Bill," was presented by one of the Liberal Party members, its provision being for a land-value rate limited to two shillings in the pound of annual land value. The Bill passed the second reading by a majority of 258 and was referred to a Select Committee, which recommended that the first step should

be a valuation of the land, adding that when land-value rating did take effect it should be applied fully and at once, accompanied by the total exemption of buildings and improvements.

Following the first part of the recommendation providing for the land valuation, the Land-Values (Scotland) Bill was presented as an official Government-sponsored measure and was carried in the House of Commons in August 1907. It was then sent to the House of Lords and was there rejected. In 1908 it was passed again by the Commons and was once more sent to the Lords, only to be so mutilated by them that the Government decided to abandon the measure.

THE LLOYD GEORGE FINANCE BILL, 1909-10

It came up again a year later as a Money Bill under the Lloyd George Finance Bill of April 1909. This Bill embodied provisions for a valuation of the land of the whole country, and linked with this were three taxes called "Land Value Duties." *These were by no means the taxation of land values*; actually they were selective and discriminatory imposts. They included a tax taking 20 per cent of increases in land values proved to have arisen on sales or transfers of land occurring after April 30, 1909; an annual tax of one half-penny in the pound on the value of undeveloped land—defined in the Bill in such a way as to provide loop-holes for avoiding the tax—and a tax of 10 per cent of the value of leasehold reversions. Existing land values throughout the country other than vacant land were unaffected.

The structure of the valuation itself was complicated and had a number of imperfections involving the need for ascertaining as many as four, and sometimes five, values in land — its "gross," its "total," its "full site," its "assessable site" value — all highly technical because of the complexities of the so-called "land-value duties" — and, for certain lands, the "agricultural" value. The Bill was passed by the Commons and was sent to the Lords.

The House of Lords could, without overreaching its powers, block any legislation coming from the Commons, although they heretofore had refrained from interfering with Money Bills, such as was the Lloyd George Finance Bill, for raising parliamentary revenues. On this occasion

the Lords defied the Commons and rejected the measure on November 22, 1909.

This produced a constitutional crisis. Parliament was dissolved on January 10, 1910, and a general election followed. The Government was returned and immediately re-submitted the Lloyd George Finance Bill to the Lords, who thereupon gave consent to the measure which was enacted as the "Finance (1909-10) Act 1910."

In December 1910 the Government called another general election, seeking, and obtaining, a mandate to settle the issue of the power of the Lords. Under threat by the Prime Minister that he would advise the creation of enough peers to swamp the Upper House, the Parliament Act of 1911 went through, and it was written into the Constitution that the Lords never again could interfere with Money Bills. Moreover, a two-year limit was put on their power to hold up any other legislation.¹

The land valuation ordered by the Finance (1909-10) Act 1910 proceeded, but it was such a cumbersome thing that the valuers were at work for five years and even then did not complete their job. As has been stated, one of the values that it was necessary to ascertain was the "full site" value; if that had been correctly defined in the law, it would have provided the basis for the eventual levy of a true tax on land values and for the local rating of land values as well. In 1914 the Government produced a revenue bill to put that definition right, but war broke out that year and as a consequence all reform legislation was stalled.

During the war there came a split in the Liberal ranks.² As a result, the radical wing of that party was driven into the political wilderness and the Coalition Government that came to power after the general election of December 14, 1918, was wholly dominated by Conservatives. They made the most of their opportunity to press for the repeal of the land clauses in the Finance (1909-10) Act 1910, and in 1922 they finally succeeded, refunding to the land owners what they already had paid in the form of land-value duties. Although this Act was not the taxation of land values, in providing for a valuation of all land apart from buildings and improvements it prepared the way for it.

LABOUR'S PLEDGE

At the November 1923 general election, the Liberal and Labour parties had both reaffirmed their pledges in favour of land-value taxation. Together they had a majority of eighty-three in the House, although no actual partnership was formed. A Labour Government took office with Philip Snowden as Chancellor of the Exchequer. He promised that his next Finance Bill would provide for a far-reaching measure of land-value taxation. But this was not to be. The Conservatives created a

storm because the Government had abandoned the prosecution of a leading Communist accused of seditious writings, and in the ensuing fracas Ramsay MacDonald, the Prime Minister, was forced to resign. This precipitated a general election (October 1924).

The new Conservative Government, with Stanley Baldwin as Prime Minister, lasted out their term of five years, during which they passed the so-called "De-rating Acts" by which agricultural land, however valuable, was exempt entirely from local taxation.

THE SNOWDEN FINANCE BILL 1931

The Labour Party won the next general election in May 1929, securing 288 seats as against the Conservatives' 268 and the Liberals' 59, and they took office dependent upon the support that a sufficient number of Liberals (a camp divided in itself) were prepared to give. Philip Snowden, once more Chancellor of the Exchequer, presented his proposals for land-value taxation in his Finance Bill 1931. These provided for a valuation of the capital value of all land, apart from buildings and other improvements, and for the levy of a tax of one penny in the pound of that value (equivalent to 1s. 8d. in the pound or eight per cent of annual land value). As introduced, the measure had some blemishes but the valuation of the land of the entire country was secured under conditions vastly superior in character, simplicity, and definiteness to those in the Lloyd George legislation of 1909-10.

The Finance Act 1931, embodying Snowden's proposals, was passed on July 31 of that year. But again a crisis broke. The Labour Government fell, to be replaced on August 27, 1931 by a newly-formed Coalition Government which Ramsay MacDonald and Philip Snowden joined.

REPEAL OF THE SNOWDEN LAND-VALUE ACT

On December 8, 1931, shortly after the election, Neville Chamberlain, now Chancellor of the Exchequer, announced the Government's decision (taken at once, though not legalised until seven months later) to suspend the valuation and disperse the staff engaged upon it. But the Conservatives were not satisfied with a mere suspension that left an open date for a resumption of the work. They forced the Government to repeal the legislation *in toto*, this being accomplished in the Finance Act of 1934. Thus was fulfilled the earlier pledge of Stanley Baldwin, who, in June 1931, when the Snowden proposal for the land-value tax was being debated, declared: "I can say one thing about it, that if we get back to power, that tax will never see daylight."

Protests poured in upon the Government, especially from many of the municipalities favourable to land-value rating, who saw what the abandonment of the valuation meant to them. The United Committee for the Taxation of Land Values (London) also added their voice. In their manifestoes they charged the Government with having "obeyed the behests of those who benefit from that

¹ Reduced to one year by act of the Labour Government in 1949.

² Some of the Liberals had criticised Lloyd George's military tactics. At the close of the war in 1918, Lloyd George, unforgiving toward these critics, endorsed only those candidates (of all parties) who had supported him throughout.

monopoly which does the greatest hurt of all to society." Prime Minister Ramsay MacDonald was stung to a reply. He wrote to the United Committee, his letter dated May 14, 1934, offering excuses for the Government's action, and added, "*It may be argued that the step which has been taken indicates the power of certain interests.*" This was an extraordinarily humiliating admission to come from the head of the Government, and in the eyes of his Tory masters this Prime Minister had committed a blazing indiscretion.

In June 1935 the Government took advantage of the international crisis to rush a general election, and questions of domestic policy were largely pushed into the background. The Government labelling itself "National," but dominated by Conservatives, was returned to control the destiny of the country for the next ten years.

REVIVAL OF MUNICIPAL CAMPAIGN

On the municipal front, from 1935 onward, the campaign pressing for the legislation necessary to provide for the rating of land values was vigorously maintained. By 1947 no fewer than 263 local authorities had responded to the lead given by Cardiff, Manchester, Stoke-on-Trent, Edmonton and other city councils, but most notably by the London County Council. The last named had been captured by the Labour Party in the municipal elections of 1934, and in that campaign the question of land values played a prominent part. Determined steps were taken. The County Council, through its Finance Committee, made a thorough enquiry into the local taxation system and an illuminating report was produced. This advised that the Government be urged to introduce legislation empowering local authorities to levy a rate on site values. From the Government came the curt answer that no action of the kind would be contemplated. The Council then prepared and presented a bill applying only to the metropolitan area—the "London Rating (Site Value) Bill"—providing, as a start, for a county rate of two shillings in the pound of annual land value. Technically, it had to go forward as a "private bill," since it applied to London alone, and it was so presented on February 8, 1939. The Tories, hoping to see the measure dismissed without debate, gave challenge on a matter of procedure and were supported by the Speaker of the House, who ruled that it could not go forward as a private bill because it raised "questions of public policy of great importance and affected interests of vast magnitude." Later, on February 15, 1939, it was presented again under a different procedure as a "public bill." This forced the Tories to vote, and the Bill was defeated, 229 to 135.

Thus we see that on four occasions—in 1908, in 1924, in 1934 and in 1939—legislation leading to the taxation and rating of land values was brought to the House of Commons and backed by a great popular sentiment. Nevertheless, it was cast aside.

The Snowden Act of 1931 and the London Bill of 1939 had been pressed by the Labour Party. It was natural to expect, and it was expected, that these meas-

Expensive Space

LAND which covers only one-sixth of an acre in the fashionable Old Village of Hampstead fetched £20,000 at a London auction on December 11. It was bought by surveyor and valuer Mr. Alfred Chambers, brother of ICI chairman Mr. Paul Chambers.

The site formed half of a tumbledown kitchen garden overgrown with weeds.

— From the *Daily Mirror*, December 12, 1963.

ures, with their provisions well prepared for adoption, would be taken up and re-introduced by the Labour Party when its opportunity came. The obvious line was (1) a Finance Bill instituting a national tax on land values, thereby securing a valuation of the land of the whole country; (2) a bill to reform the basis of local taxation empowering all local authorities to levy their rates on land value, and (3) through the taxation and rating of land values to reduce the taxes and rates on wages, on trade, on industry and on improvements. But that course was not followed. On the contrary, the Labour Party, having won its sensational victory at the polls on July 5, 1945, promoted legislation which, so far as the land is concerned, was of a wholly retrograde and disastrous character.

LABOUR GOVERNMENT LEGISLATION

Two Acts passed by the Labour Government call for special comment: the Town and Country Planning Act of 1947 and the Local Government Act of 1948.

The Town and Country Planning Act, 1947, dealt with the physical planning or zoning of land, and embodied special provisions to that effect. These, in broad outline, were as follows:

1. Building developments and material changes in the use of land and premises could be made only with official sanction.
2. A State monopoly of the right to develop land was created.
3. A global "share-out" fund of £300,000,000 of public money was to be paid by way of compensation to land owners deprived of the development value of their land. This, in effect, meant that the public would purchase from land owners the future land values created by the community itself.
4. Any would-be developer of land had to buy from the State the monopoly value of the permission to develop, this payment, called a "Development Charge," being the difference between the two values of property which the Act had established. One of these values was the assumed selling value of the property supposing it was condemned perpetually to remain in its existing state—

the "existing use value." The other was what the property would be worth if it carried the benefit of the permission to make the development in question.

The effect of the charge, falling as it did only on *development* and in relation to its extent, was clearly to penalise, retard — and even prevent — development. Experience proved that to be the case. *In no sense could it possibly be said that these development charges bore any relationship to the taxation of land values. Rather did these charges follow the principles of the present rating system which increases taxation where development or improvement takes place.*

The Local Government Act, 1948, confirmed the total exemption of agricultural land from local taxation. Embodying as it did new schemes for distributing subsidies from the Treasury to the local authorities, it gave further impetus to the process by which local self-government was gradually being undermined. Otherwise the Act left the local taxation system substantially unchanged.

When the Local Government Act, 1948 was being debated in Parliament (November 15, 1947), disappointment was expressed that there was no provision for levying the local rates on land values, as the earlier statement of the Chancellor of the Exchequer, Hugh Dalton, had given grounds to expect. An Enquiry Committee was therefore appointed with instructions to consider and report upon the "practicability and desirability" of a rate on land values, but with the inhibiting condition, "having regard to the provisions of the Town and Country Planning Act and other factors." The Committee, its hands tied in advance, spent four and a half years in its deliberations, its report¹ not being issued until April 1952.

The Majority Report, signed by six members, declared that "the meeting of any part of local expenditure by an additional rate on site values, having regard to the Town and Country Planning Act and other relevant factors is neither practicable nor desirable." The Minority Report, signed by three members, declared that "the rating of site values is both practicable and desirable; the arguments in favour of it stand unimpaired; the only event since 1939 having a material bearing upon the matter is the Town and Country Planning Act, 1947; this involves some changes in the method of application but does not affect the principle."

The Labour Government, nearing the end of its term, went to the country in the election of February 1950 and returned with a bare majority of six over all other parties, to live a precarious existence that lasted but a year and a half. The next general election in October 1951, returned the Conservatives to power.

DOOM OF LABOUR PARTY LEGISLATION

It remains to record two important subsequent events. The Conservative Government so drastically amended the

¹ *The Rating of Site Values: Report of the Committee of Enquiry*: Her Majesty's Stationery Office, London, 1952 (Price 5s.). For review of this report see LAND & LIBERTY May 1952 and *Site-Value Rating—Objections Answered*.

Town and Country Planning Act that the Development Charge was abolished, together with the State Monopoly of the right to develop. The obligation to pay out £300,000,000 in one large sum to land owners has been avoided by making other arrangements with regard to compensation, so that it is now paid piecemeal when permission to carry out developments is withheld. By these amendments in the Town and Country Planning Act, the position, so far as landlord privileges and prerequisites are concerned, is as it was before the Act was passed. On the other hand, by these amendments the road to the taxation and rating of land values is now clear of the obstacles which the financial provisions of the 1947 Town and Country Planning Act put in its way. And it may be remarked that the disappearance of the Development Charge of this Act dissolves the adverse arguments of the Majority Report of the Enquiry Committee on site-value rating and substantiates the findings of the Minority Report.

As for the provisions in the Local Government Act, 1948, for distinctive and peculiar methods of assessing dwelling houses—a scheme that broke down hopelessly—the Conservative Government suspended and rescinded that part of the Act. It has since passed new legislation restoring methods and standards of assessment essentially the same as have heretofore obtained.

The system of property taxation must be rebuilt from its foundation upon a basis that will recognise how foolish and how wrong it is to tax any building or other improvement, and how wise and how right—how beneficial in the interests of the community—it is to provide public revenue out of the value attaching to land—the value that in nature and in origin rightfully belongs to the community.

LAND VALUE REPORTS

Shopping Centre Surveys in Five States. A. R. Hutchinson, B.Sc., A.M.I.E. Aust., Land Values Research Group, shows the effects of site-value rating with exemption of buildings upon development of business centres of Australian towns, as reflected in their modern or obsolete appearance. Reprinted from *The Valuer*, July 1959. 6d.

Report on Social Effects of Municipal Rating by the Land Values Research Group with the co-operation of the Footscray City Council, Australia. Illustrated. 2s. 6d.

Municipal Improvement and Finance by H. Bronson Cowan, Research Director of the International Research Committee on Real Estate Taxation. The subject matter covers all aspects of taxing land values and untaxing improvements, with three forewords by the chairmen of the U.S.A., Canadian and British sections of the Committee, on the origin and purpose of the research. Illustrated. 7s. 6d.