

QUESTION AND ANSWER

I

A sale of land has taken place by which the seller has made a fortune through the increase in value recently given to the land by railway extensions and public improvements. The purchaser, having paid the seller the full market value, claims exemption from the land value tax on the ground that if anyone should pay it should be the seller who has walked off with the value attaching to the land.

The land has a capital value because it will command a rent in the future. The purchase price is a capitalization of that future rent, which it is proposed to devote to public uses by means of the land value tax. The purchaser by his contention is claiming the privilege of appropriating the whole amount of the rent that the seller could have appropriated for the future if the sale had not taken place.

But what is it that gives value to land? It is the presence and activities of the community and the performance of public services in the widest sense. So that, if the benefits and advantages which the community confers on any piece of land were withdrawn, the purchaser, no matter what he paid, would lose everything, since the value of the land would completely disappear.

The tax on land values is a call upon the holders of land to pay for the advantages they enjoy that are performed by and through the community from day to day. Whether the value of a piece of land has or has not increased before the purchase took place is neither here nor there. The purchaser would have an equally good or equally bad case if he had bought land that had been falling in value. The tax on land value is therefore not concerned with what the present holder paid for his holding, nor when he bought it, nor with what had been happening in the past. It is the resumption by the State of the rent about to be produced, which attaches to the land in virtue of the "protection of the State," to use the words of Adam Smith, and in no respect to work or enterprise or sacrifice on the part of the landholder.

II

That the landlord will pass on a Land Value Tax to the occupier so that rents and prices will rise.

The tax being payable by the landlord on the value of his land apart from any improvements on it is in reality a rent charge payable by him to the community. What happens is that he hands over the part of the economic rent, according to the rate of Land Value Tax in force and therefore so much less rent is left for himself.

This payment by him to the community does not confer on him any greater power to increase rents on his tenants than he possessed before the tax was levied. It only means that he retains less for himself.

If he could increase his rents after the tax, he could equally well have increased them before.

When an owner of land mortgages his land and has to pay interest on the Bond, he cannot, because of that, recoup himself by raising rents on his tenants.

Why then is it suggested that he can raise them when called on to pay the Land Value Tax?

Supposing the tax were 100 per cent. of the economic rent, so that all is absorbed, does anyone think that landlords could recoup themselves by doubling their rents all round? The same applies to a 50 per cent, a 10 per cent, or any other rate of Land Values Tax—the landlord has to put up with the loss himself. Every political economist without exception agrees on this point.

Land has no cost of production. It is not a labour product, but a free gift of nature, the amount of which

cannot be lessened or increased by any human agency. When the landlord is called on to pay the Land Value Tax, the supply of land is not lessened, and therefore its price does not rise. On the contrary, it will fall. The reason it will fall is that although the amount of land in existence cannot be lessened or increased by human agency the amount of land available for use can be so affected through taxation.

Thus, so far from a tax on land value being passed on by landowners to occupiers, and land rents going up, it would knock the bottom out of land speculation and make land cheaper.

"WHEN LAND SPECULATION SETS IN"

Business generally can carry the normal economic rent. It is part of the "overhead" that may be calculated accurately in advance. It is met easily by the volume of business transacted even when the normal rent is high. It is only when land speculation sets in that abnormal rent charges are made under which industry finds it increasingly difficult to produce at a profit.

Then to reduce expenses workmen are laid off, retrenchments are made and the volume of production is curtailed. This moves progressively until failures and bankruptcies follow one another. What is local becomes general; where men are laid off and wages cease, the effect of this is felt in other and distant cities.

This is the simple explanation of the fundamental cause of panics and industrial depressions. These are corrected by the slow stabilization of industry during a period of falling land values. And this we are witnessing to-day, and so may hope that the worst is over.—JOSEPH DANA MILLER in the *New York Sun*, 26th May.

JOSEPH S. BURT

We deeply regret to put on record the death of Joseph S. Burt, eldest son of ex-Bailie Burt, President of the Scottish League. Mr Burt passed away at his home in Glasgow on 5th August after a long and trying illness.

Mrs Burt writes: "Joe had a gentle passing, surrounded by friends and tokens of affection that pleased him greatly." He was a disciple of Henry George in understanding and in the desire to promote the cause. As a politician he moved in radical circles. He was for years a member of the Glasgow Parliamentary Debating Society, and took a leading part in its debates. He was radical in his thought, but was ever careful to know just how a possible new recruit should be approached.

Mr Burt came into the movement some thirty years ago, a mere youth. Under the influence of his father he had made a free and independent examination of the philosophy. When a busy business life would allow he took an interest in the affairs and in the standing of the Scottish League. At the Oxford Conference (1923) he was so taken with the animated conversations and decisions that, along with others who came for a day, he stayed on to the end. He took no prominent part in the proceedings but made himself thoroughly at home with the visitors from other lands.

One of the most pleasing features of the Conference was Mr Burt's attachment to Henry George III, grandson of Henry George. The attachment was mutual, and at the close of the Conference they had an enjoyable week's sail together to the Island of Skye.

Mr Burt was at the Edinburgh Conference (1929), where in his own quiet way he renewed old friendships and learned again at first hand how the organized movement continued to grow. He was deeply impressed by the papers submitted, by the speeches from the floor of the House, and was first among those who marvelled at the splendid day-by-day press publicity the Conference had achieved.

Joseph Burt was one of those Single-Taxers who, out of sight, knew how in quiet ways to uphold the Land Value Policy.

We extend to Mrs Burt and to the family circle our sincere sympathy in their bereavement.

J. P.