

LAND VALUES.

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"OUR POLICY."

"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacred to the individual all that belongs to the individual."—*Henry George.*

PROFESSOR SMART AND THE LAND VALUES TAXATION (SCOTLAND) BILL.

The following letter appeared in the *London Times* on the 17th April, 1906. It is from the pen of Professor Smart, the occupant of the Adam Smith Chair of Political Economy at Glasgow University:—

SIR,—Without going into the theory of taxation—which no one on the Government side seemed to think much about in the debate on March 23rd—I think a "straight issue" might be put before the citizens thus:—

Let it be granted that the inhabitants of local areas expect and demand more things to be done for them by their local government; that, in consequence, Corporations "require more money"; and that the money will be spent on common benefit with as much wisdom as usual.

Let it be granted, further, that the "more money" means more than does, in ordinary cases, accrue from the growing value of the property rated.

Then the open and honest way is to raise the rates, by which at least the ratepayers will feel, in their pockets, that they cannot, in this common-place world, get more good things except by paying more.

But this is subject to a proviso. It is that the present rates are fairly equitable, that is, distributed on some recognised principle, whether it be of proportion or progression.

If, however, Corporations can state—not as a matter of opinion but as a matter of demonstrable fact—that there is

any class who, according to some recognised principle of distribution, are not paying their full share, then it is their bounden duty to "get at" this class and make them pay more.

That is to say, if, oftentimes in precisely equal circumstances, A is paying less than B, because of some technical flaw or incident of rating, there is every reason for making some change in the rating which will make A pay more or B less.

But, just as it is no excuse for new taxation that is so disguised—like pills in jam—that the taxpayers do not know that or what they are paying, so it is no excuse for new taxation that the owners of any peculiar form of wealth cannot escape, but must pay. This is mere highwayman ethics.

What the advocates of the taxation of land values, then, have to prove is that there is some annual fund which has hitherto escaped paying its full share. If there is, good and well, economists at least will thank them; but if there is not, I repeat that the only honest way of raising more money is to raise the rates.

In ordinary circumstances I should feel ashamed to put forward such elementary truths, but, in the exposition of the present measure, so many attractive ulterior considerations have been placed in the forefront—such as forcing land into the market, better housing of the working classes, bringing down rents, &c.—that it seemed likely to be forgotten that this is ostensibly a Bill for taxing or rating the inhabitants of local areas on a more equitable basis than at present.—I am, &c.

University of Glasgow. (Sgd.) WILLIAM SMART.

Taking the last paragraph first, we may be permitted to remark that there is no cause for shame under any circumstances—ordinary or extraordinary—in putting forward elementary truths. The truth is so often obscured in labyrinths of metaphysical and technical language that one must often have recourse to the elementary truths in order to find a safe groundwork on which to secure a sound conclusion.

Let us now follow the writer through his various points in the order of their sequence. He does not go into the theory of taxation. Why! If the canons of taxation are violated why not shew where the mistake has been made.

No one on the Government side seemed to think much about the theory of taxation.

Is this specially directed at Mr. Harold Cox who opposed the Bill from the Government side, and was it only on the Government side that the theory of taxation was ignored? If Professor Smart wants us to believe that the opposition were thinking of the theory of taxation, he will have to tell us which theory they were thinking about, as there are several theories on that side of the House, including Mr. Joseph Chamberlain's theory. Adam Smith, of whom, no doubt, Professor Smart was thinking when he mentioned the theory of taxation, thought that the subjects of every state ought to contribute towards the support of the Government as nearly as possible in proportion to their respective abilities.

Following him came John Stuart Mill with his reservations in regard to this dictum. The one thing to be learned from Mill is that the "nearly as possible" of Adam Smith is a sheer impossibility.

John Stuart Mill stood for equality of sacrifice as we understand Professor Smart does, but how this equality of sacrifice is to be attained remains as great a mystery to-day as when economists first conceived the idea.

A 10% tax would take £5 from the £50 income and £50 from the £500 income.

The man with £50 per annum would pay less as a quantity than the one with the £500. He would pay the same as a proportion, but when you come to compute the sacrifice there is no equality. The sacrifice can only be measured by the amount of hardship it entails, and manifestly it is the man with the £50 who would suffer most.

If the people are to get more things done for them by their local government, and more money is required, "the open and honest way is to raise the rates." What is meant here is the present rates. We are not to take into consideration whether anyone is escaping the payment of rates who ought to be made to pay. This, according to Professor Smart, would not be open, and it would not be honest. Perhaps it would not be in accord with "the theory of taxation" which by interpretation means the University theory of taxation. May we remind Professor Smart of what his predecessor, Adam Smith, said of such theories, viz. :—

"The improvements which, in modern times, have been made in several different branches of philosophy, have not, the greater part of them, been made in universities, though some, no doubt, have. The greater part of universities have not even been very forward to adopt those improvements after they were made, and several of those learned societies have chosen to remain, for a long time, the sanctuaries in which exploded systems and obsolete prejudices found shelter and protection, after they had been hunted out of every other corner of the world."

We are not overlooking the proviso which is added to the declaration about the open and honest way, but if the "present rates are fairly equitable" why does he not shew this and destroy the case for the Bill. This to our mind, is the only open and honest way to oppose a proposal of this kind.

The next thing Professor Smart asks is, can the Corporation state—"not as a matter of opinion but as a matter of demonstrable fact"—that there is any class who, according to some recognised principle of distribution are not paying their full share.

The Glasgow Corporation have evidently been able to demonstrate this fact to the House of Commons if we may judge by the majority in favour of the Bill presented by them. As to what Professor Smart would consider a demonstrable fact that is another matter.

A university would not be a demonstrable fact to a blind man even if he were to walk against it, the only

thing demonstrable to him would be that it was an obstruction.

If Professor Smart will not accept the evidence of the Glasgow Corporation perhaps he will accept the evidence of the economists.

Adam Smith says :—"Both ground rents and the ordinary rent of land are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. Though a part of this revenue should be taken from him in order to defray the expenses of the State, no discouragement will thereby be given to any sort of industry," and also "Nothing can be more reasonable than that a fund which owes its existence to the good government of the State should be taxed peculiarly or should contribute something more than the greater part of other funds towards the support of the Government."

John Stuart Mill says :—"Suppose that there is a kind of income which constantly tends to increase, without any exertion or sacrifice on the part of the owners, those owners constituting a class in the community, whom the natural course of things progressively enriches consistently with complete passiveness on their own part. In such a case *it would be no violation* of the principles on which private property is grounded, if the State should appropriate this increase of wealth or part of it, as it arises. This would not properly be taking anything from anybody ;

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it would merely be applying an accession of wealth created by circumstances, to the benefit of Society, instead of allowing it to become an unearned appendage to the riches of a particular class.

"Now this is actually the case with rent. The ordinary progress of a society which increases in wealth, is at all times tending to augment the incomes of the landlords."

How about "highwayman ethics" now. Is this all the answer Professor Smart can offer to Adam Smith and John Stuart Mill?

"The advocates of the taxation of land values have to prove that there is some annual fund which has hitherto escaped paying its fair share. If there is, good and well; economists at least will thank them."

Professor Smart is asking the advocates of the taxation of land values to prove to the economists, the very thing they have learned from the economists.

The economists have proved to us that there is a fund which exists wherever men are gathered in association. This fund is not produced by the individuals who receive it but by the community who are robbed of it.

The "highwayman ethics" consist in defending this stand and deliver policy.

We know further from experience that the spending of the rates has the effect of swelling this fund. Whether the rates are spent to make good roads, well-lighted streets, sanitary improvements, a public park or any other municipal improvement the result is always the same, up go the rents.

An individual is called on to pay twice for the same thing. He pays the school rate, the water rate, the road rate, and all the other rates to his local authority. But the existence of these municipal services enables the landowner so-called to demand a toll for these as well.

Land becomes too dear because of the activities of the landless and the passiveness of the landed. The sweated worker is called on to pay at the rate of £60 per acre for his accommodation against the £2 paid for the accommodation of sheep.

What injury is done to a landowner when he is called on to pay a tax on his land value? If he is putting the land to use the value will be taxed and the amount passed on to the occupier. If his land is not put to use, he is holding up something that others are willing to use and pay the tax on. There can be no justice in a landlord holding up land that others are willing to use and pay the tax on except he pays the tax himself.

This is what the economists have taught us. We in turn have taught others, and now Parliament is convinced of the justice of our plea. Professor Smart should not ask the advocates of land value taxation to teach him his own business. It is the business of an economist to know how wealth is distributed.

WM. REID.

DEATH OF COUNCILLOR JOHN FERGUSON.

The municipal movement for the taxation of land values has lost its able and devoted leader in the death of Councillor John Ferguson, Glasgow. As we reported in our April issue, Mr. Ferguson met with an accident in stepping from a tram car, just at the moment when he was engaged directing the Scottish Bill to St. Stephen's for the second time. He was operated on in a Glasgow private nursing home, and had sufficiently recovered to be removed to his home at Lenzie, where he passed away on Monday evening, 23rd April. Mr. Ferguson entered the Glasgow Town Council after a stiff fight in 1893, pledging himself to advance the taxation of land values. He kept his word. He wakened up the Council on the question in a way that amazed the members and aroused the interest and enthusiasm of the Glasgow ratepayers. In March, 1897, after a three years' struggle, he succeeded in carrying a resolution in favour of preparing a Bill on the subject to be presented to Parliament. Again, on the 3rd April, 1902, he carried a motion—that the Council convene a Special Conference of Representatives from Rating Authorities, which was held at the Hotel Motropole, London, 21st October, 1902—the Lord Provost of Glasgow, Samuel Chisholm, Esq., LL.D., presiding. At this meeting a Conference Committee of 25 representatives was appointed, with Mr. Ferguson as Convener. A second Conference was held in the Westminster Palace Hotel, 9th December, 1903—Mr. Ferguson presiding. The work of the Committee in preparing the two Bills was approved. A third Conference was held at the same place, 9th March, 1904—when he, along with Mr. J. H. Whitley, M.P., received a special vote of thanks for the valuable services they had rendered the movement since its institution. The fourth Conference was held in the Westminster Palace Hotel, 7th October, 1904—Sir John Ure Primrose, Bart., Lord Provost of Glasgow, in the chair. At this meeting the Committee was reconstituted—Mr. Ferguson being again appointed Chairman. The fifth Conference was held at the Westminster Palace Hotel, 12th April, 1905. The sixth Conference was held at Manchester, 22nd November, 1905—the Lord Mayor of Manchester presiding. In reviewing all this work a year ago (*Land Values* for May, 1905), we stated that "in all this effort Mr. Ferguson has taken a leading part. His rare courage and zeal in the movement is only equalled by his strength of conviction that in the taxation of land values lies the beginning of real progress. Apart from this wider municipal or national work, Mr. Ferguson is ever active by voice and pen in exposing the evils of our land system, and heralding the dawn of the better day. He is determined always to bring the land question before the public, and when he has a slack moment on the taxation of land values, brings up the question of the 'Sale and Transfer of Land.' When it is pointed out that, in a country like the United States, land can be bought as easily as a pair of boots, and still land monopoly reigns supreme; 'No matter,' he will say, 'I must bring the land question up in any form.' Again, he takes up the question of Peasant Proprietary, or Allotments, and hurls figures and philosophy, on the agricultural aspect of the question, at the unsuspecting editor, with an amazing rapidity. These figures and facts may pass by the editor lightly, but they find a place in the minds of men and women everywhere awakened to the iniquity of our social life, with all its increasing bitterness and despair. For this work John Ferguson holds a unique position in the Radical politics of the West of Scotland; quite as strong as his more enduring association with the Municipal movement for the taxation of land values. For his splendid and triumphant efforts in this way—bringing with them at every step so much discussion and enlightenment—from the Parish Council to Parliament, he has our most cordial appreciation and thanks." At that time the effects of both the physical and mental strain were plainly