

## Our Lop-Sided Taxation

AN EXPERT EXAMINATION BY LOUIS WALLIS, ESQ. OF  
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**O**UR system of industry is complicated with methods of taxation, which are slowly poisoning the sources of economic life.

We have a lop-sided, unbalanced fiscal power by which productive business of all kinds is overburdened with heavy and increasing taxes; while at the same time a lower scale of assessment upon the unearned value of both improved and vacant land has the effect of giving a subsidy to speculation. In other words, the state, acting through its power to tax, puts a penalty upon production and a premium upon speculation.

Everybody knows that when a given piece of land is brought into use for any productive purpose, the aggregate property is taxed on a far higher scale of assessment than when the same piece of land is held vacant.

But most people are so busy trying to make a living in this complex and uncertain world that very few of us have the time or the opportunity to follow these well known facts into their economic results.

The significance of lop-sided taxation, however, is not found merely in its appalling distinction between productive industry and the speculative holding of unearned land values which are due to the presence of the community.

Because the lighter tax resting upon the aggregate land of any given country has the inevitable effect of conferring upon land an artificial market price, which, along with its rise in value through increase of population, makes it a burdensome and growing liability upon all productive business.

It was found in Sydney, Australia, that when municipal taxation was transferred from buildings to land values, both improved and vacant, the real estate sub-dividers had to offer much larger pieces of land in order to attract home builders. In other words, the price of land was reduced by heavier taxation.

On the contrary, when buildings are taxed more heavily in proportion than land values (which is the case in most countries), the builder not only has to carry heavy taxes on his building; but at the same time, since the ground itself is taxed more lightly, he also has to pay a higher and more burdensome price for land.

Every country has large amounts of unused space in and about its towns and cities, and also in the rural districts. But almost everywhere lop-sided taxation makes it necessary to pay a high rental or purchase price for land; while at the same time, the business installed upon the location is immediately burdened with a huge load of taxes.

The result is to hinder the productive use of capital and thus to blockade the nation's business development, hold back the employment of labor, and keep down the purchasing power of the general public.

The English common law declares that every man has equal rights to justice. But this promising maxim of jurisprudence is contravened by statute law which penalises productive industry while putting a premium on land speculation and upon the unearned rental value of the ground.

The political and economic problem now facing Britain and modern civilization is as great and critical as the issue which led to the downfall of the Stuart Dynasty and the revolution of 1688.

The taxing power of parliament was controlled in the middle ages by the landed aristocracy who owned the legislature and constantly put heavier and heavier taxes on commerce and industry, symbolized by the wool-sack in the House of Lords.

Parliamentary democracy as we have it today is the result of a long painful struggle between the ground landlords and the rising business class. The masses of the people have gradually won the right to vote; but this right has been secured only by a compromise which has relieved land values from proper taxation while putting the tax burden mainly

upon productive industry in such a way as to reach the pockets of the middle and laboring classes with deadly effectiveness.

The issue which is coming into the foreground is non-partisan. It is not the tenet of any one political party. Conservative, Liberal or Labor. The veto power of the House of Lords over taxation has been cancelled by constitutional amendment. Two hundred and thirty municipal councils throughout England, Scotland and Wales have recently memorialized Parliament for a statute which will open the way toward reorganization of the fiscal power so as to shift the tax burden from industry and agriculture on to the ground rental value of both improved and vacant land. Britain to-day is on the verge of a new chapter in history. (Loud applause.)

Our Income Tax Expert, Jim Marshall, at once rose and opened his remarks with the following: "When I saw in *The London Rotarian* a few weeks ago that you were going to speak on 'Lop-Sided Taxation,' I thought that as a Collector of Taxes I was the most suitable person to propose the vote of thanks. I also thought, without knowing what Mr. Wallis was going to say, that all taxation must be lop-sided unless it was founded on taxation of land value. So you see I happen to agree with what we have heard this morning.

I remember many years ago when Mr. Henry George visited this country I went to hear him speak. I did that forty years ago and ever since I have agreed with the principle, which is known in America as 'Single Tax,' and I think it is most essential that business men should consider this principle.

It is amazing to me that you business men should allow the value of land to increase and go into private pockets. It appalls me as almost indescribable fatuity. (Loud laughter.)

I suggest to you that the Speaker you have heard to-day should be taken very seriously and his address considered on its merits.

I am thanking the Speaker not so much on your behalf as personally, but I am sure you all know my thoughts, and on my own behalf for what we have heard today, many thanks. (Loud cheers.)

A good meeting ended promptly with the toast "Rotary all over the World."—*The London Rotarian*.

LEWIS WALLIS BEFORE THE LONDON ROTARIAN

## Working Together For Success

ANNA GEORGE DE MILLE AT TORONTO

**I**N 1857 Lord Macaulay wrote to those on this side of the Atlantic:

"As long as you have a boundless extent of fertile and unoccupied land your laboring population will be far more at ease than the laboring population of the Old World, and while this is the case, the Jefferson politics may continue to exist without any fatal calamity. But the time will come when wages will be as low and fluctuate as much with you as with us. You will have your Manchesters and Birminghams, and in these Manchesters and Birminghams hundreds of thousands of artisans will assuredly be out of work. Then your institutions will be brought to the test."

We have reached that point now; we have our Manchesters and Birminghams in the United States and while we have not proportionately as much unoccupied territory as you in Canada, we have hundreds of thousands of acres of desirable unused land. Indeed, according to Mayor LaGuardia's report there are approximately 40,000 acres of unused land in New York City.

But through stupid ignorance of natural law we have permitted the margin of cultivation to be pushed so far