

land a great blow to the cause of social reform. They turned their thoughts away from the root evil. They had their effect upon the dishonest, the honest, and the indifferent. They neutralized all the sound principles of which the Encyclical is full:

"THE FAILURE TO SEE THE ROOT CAUSE OF THE SAD CONDITION OF THE WORKERS MADE THE SUGGESTED SOCIAL REFORMS OF NO ACCOUNT."

"As for our own problem of unemployment, i.e., hunger, in the midst of plenty, perhaps it will be best solved as a question of taxation. No possible tax can be so reasonable and just as payment for the private possession of what is essentially public property, the municipal or national soil, and its rental value.

"You cannot too often, or too strongly, exhort our Catholic people, and especially the trade unionists, to work for the taxation and rating of Land Values."

## A LABOUR PARTY PAMPHLET Taxation and Rating of Land Values

By the RT. HON. JOSIAH C. WEDGWOOD, M.P.

Timely service is rendered by Col. Wedgwood's new pamphlet on the Taxation and Rating of Land Values, published by the Trades Union Congress and the Labour Party, 33, Eccleston Square, London, S.W.1. The price is one penny; 9d. per dozen, or 4s. 6d. per 100, post free. Within the compass of twelve pages, it states the case with Col. Wedgwood's accustomed vigour, concisely and convincingly, so that all who run may read. "The Landlord holds the permit to use the Earth; Labour proposes to loosen his grip by taxation." That is the author's message and it should have a wide circulation through the organized agencies of the Labour Party.

It is difficult to "review" a publication of this nature. It could only be reprinted *in extenso*, and this our limited space will not allow. We quote with pleasure from the concluding paragraphs:—

### COMMON OBJECTIONS TO LAND VALUE TAXATION

1. That a tax or rate upon Land Value would be passed on to the occupier.
2. That it would mean confiscation.
3. That it would lead to overcrowding.
4. That there is not enough Land Value to meet even the local rates.
5. That it is impossible to discover this hypothetical "Land Value."
6. That rich men would buy up more land if it were cheap, and hold more idle.

Objections 1 and 2 are, of course, mutually destructive. If the tax can be passed on there is no confiscation. If there is confiscation the tax must be supposed to settle and remain on the landlord. Every action and protest of the landlord class show clearly enough that they know that the tax cannot be passed on to the occupier. If anyone desires authority to convince them, we have:

"A tax on that part of the annual value of land which arises from its position, its extension, and its yearly income of sunlight, heat, rain and air, cannot be settled anywhere except on the landlord."—MARSHALL.

Even if the tenant occupier himself pays the rate in the first instance, still the landlord will pay in the end.

"The real incidence of a rate depends mainly on the nature of the property in respect of which it is levied, and is but little affected in the long run by being primarily charged on this or that person. The real ultimate

incidence of a site value rate would be upon the owners of site value in any case, even if it were simply charged upon occupiers as the present rates are. Accordingly we regard the question of the party on whom the rate is to be charged as a question of sentiment and temporary convenience."—LORD BALFOUR OF BURLEIGH, in the *Minority Report of Royal Commission on Local Taxation*.

Objection 3, which suggests overcrowding, should really suggest the reverse. Anything which makes land cheaper will enable the house builder to provide more land with the house at the same price as he would have to pay now. The idea at the back of the objection is the old one, that a tax on Land Value will make land more expensive. If that were so, we should meet with no opposition.

Objection 4 suggests that, however desirable the change of rating might be, there is not enough Land Value to meet the rates. One might reply that we are only changing the standard by which each ratepayer's contribution is measured, and are not concerned with whether we take all the Land Value, or more, or less. But, in fact, of course, the value of all property is that which it will sell (or let) for *subject to the existing Rate and Tax*.

Objection 5 says that Land Value cannot be discovered. But people who deal in land find no difficulty in discovering Land Value. They find it easier than estimating the value of improvements. How often has an agent said to me, "If you buy that house you can sell off half the land, it will fetch £5 a foot frontage"; or "You can buy another half acre at 10s. a yard." With merely the map before them, without ever visiting the property, they can estimate what land is worth, or what the ungoten minerals are worth. It is when estimating the value of improvements that they have to go and count and measure and calculate and then they will all differ from one another.

There is nothing "hypothetical" about Land Value. In Denmark the valuation is made periodically for the whole country, urban and rural, showing separately the land value of each piece of land; so also in New Zealand, Queensland, New South Wales, and other Australian States, Cape Province, Transvaal, and the Western Province of Canada. In many cities in the United States of America the same kind of valuation is made, and as an instance, the established and agreed value of land in New York City (apart from improvements) is more than £1,000,000,000. If that is the Land Value of New York City, ascertained as it is year by year, and published in the official records and reports, the Land Value of London cannot be much below that sum. And the aggregate Land Value of the whole of Great Britain may be put down at about £4,000,000,000. The initial tax on that value, the national tax of 1d. in the £ to set up valuation and prepare at once for the further taxation of Land Values as proposed in this pamphlet would yield about £16,000,000 in the first year of operation. How this revenue should be applied, or which of existing taxes or existing local rates it should replace, will be a matter for the Government of the day to decide. The main thing is to get the tax—and the valuation—at work.

Objection 6, that really rich men might still buy up cheap land and hold it idle, is answered by the obvious fact that it will at least be more expensive for them to do so. But who would dare? Why, if we ever have the power to enact such legislation, "rounding off estates" will cease to be a popular pastime. Land will only be cheap for those who are prepared to use it. The drones will fly when the attack gets home. Nor will there be so many rich men to attempt the amusement. Inordinate wealth is generally based upon the ownership of a monopoly; and even inordinate wealth will be helpless when men can work for themselves.