

present system, so far as this revenue is raised from the locality, it is apportioned on the valuation of the land and buildings of the locality, valued in general at the actual rent at which they are let from year to year.

“With the rise in the amount of the rates, it is increasingly felt that the portion of this burden incident in respect of buildings and improvements acts as a direct deterrent to building and improvements and that, while on the one hand the man who builds a house or extends his business or his factory becomes liable for a larger portion of this burden, his neighbour, on the other hand, who owns unused land, is in the favoured position of having the value of his land steadily increasing while he makes no contribution to the local rates in respect of this steadily increasing value.

“The local authorities have pressed repeatedly for power to levy a rate on site values in order to relieve some of the pressure of the rates on improvements and in order to make it more easy for them to carry out necessary public works.

“In addition, a rate on site values, by compelling a man who is holding up land of increasing value in order to secure what is practically a price dictated by himself to pay a rate annually on this increasing value, would place him under a certain financial pressure to have more regard to the interests of the community and to use or dispose of his land for use. As a consequence, he would be less able to dictate the price at which access could be obtained to land which the growing necessities of the community required for productive purposes or for housing.” (pp. liv., lv.)

“The valuation of the sites as distinct from the improvements should be shown in the valuation roll and should be accessible to any ratepayer; and a rate should be levied on the site values.” (p. 542.)

A TAX TRAGEDY IN OUR TOWN

By O. B. Server

“Oh, Papa! see the pretty house.”

“Yes, my son, it is indeed pretty. The owner has just finished it. He will soon be sorry.”

“How do you think that, Papa?”

“Because, my son, here comes the assessor. He will fine the man for improving the lot. He will fine him every year.”

“And, Papa, will he fine the man with the empty lot next door?”

“Not much, my son!”

“Why not, Papa?”

“Why not? Why, because the man with the empty lot has not committed an improvement. Why should he be fined?”

“Oh, Papa, you are joking.”

“Am I, my son? Well, just you put up a pretty house, and see the assessor come after you with a big stick—I mean a big bill.”

“Oh, Papa, what kind of people are the people of Our Town?”

“There are two kinds of people in Our Town, dear boy: the assessors and the asses-sed.”

“Papa, that makes me feel bad!”

“Me too, my dear boy; it drives me to drink. Have some root beer on me.”

LABOUR AND THE LAND VALUES TAX

By William King

[We reprint from the DAILY HERALD (July 20th) the essay by Wm. King, Portsmouth, which was successful in the competition promoted by that paper for the best essay on the taxation of land values. The adjudicators were Mr. Josiah C. Wedgwood, M.P., and Mr. John Paul.]

ESSAY.—“WILL THE TAXATION OF LAND VALUES BE OF PERMANENT BENEFIT TO THE WORKERS OF THIS COUNTRY?”

In my opinion, yes, but before setting out arguments in favour of that opinion, it may be of some advantage if we briefly review the present position as it affects the workers.

As a Trade Unionist of some years standing, I have been engaged, with other of my fellows, in the endeavour to raise wages and better our conditions generally, and it seems to me, that to any Trade Unionist who takes an intelligent interest in social conditions, it must be a cause of wonder when he finds that the total wealth-production in this country, as shown by recent returns, has increased enormously, yet leaving the producers of it apparently no better off, men and women still have to work for sweated wages.



WILLIAM KING

At a recent conference organised by the Women's Labour League, it was shown that fifteen years ago you could purchase for about 15s. 8d. what it needs £1 to purchase to-day, and that the net wage of the workers, after deduction for taxation and increased cost of living, is not so good as in 1900, which seems to prove, if it needs any proving, that the Trade Unions have not succeeded very well in their endeavour to raise wages.

We know that even in what are called periods of booming trade, there are large numbers of men and women who cannot obtain productive employment. It is the competition of these men and women to obtain work, coupled with the fact that land is monopolised and held out of productive use, which continually tends to keep wages at bare subsistence level.

An Increased Demand

Now whence comes this superabundance of Labour? It comes from the hills and valleys of Scotland and Westmorland, the moors of Yorkshire, and the fertile plains of

the South. Quoting from the DAILY CITIZEN, of May 18th, 1914: "Of fifty non-Unionists against whose continued employment the men in two of the South Wales collieries are on strike, the majority are strangers to the district, ex-farm labourers and others, who were attracted by the prospect of better wages at the mines."

Every village and every hamlet in the land sends its quota of men, driven from the soil in search of the means of earning a livelihood. Stop this drain from the country side, give these men, who by long association know how to use the land and obtain a good living from it, access on fair terms to the land, and they will cease to compete at the factory and dock gate. Tax all land at its full value, whether used or unused, and the result will be, that those who now have more land than they can profitably use, will be compelled to let go; with more land coming into the market as the result of taxation on its value, the demand for Labour will increase; this, together with the increased production of commodities, which is bound to ensue, will cause a real and permanent rise in wages.

No Idle Land

It seems to me that the only real and effective way to increase wages is to break up the monopoly of land. I quite understand that there are other things to be done, but unless you first break up this great monopoly, all the other things will prove of little avail. We talk of feeding the hungry school children, of housing the working classes, of insuring them against sickness, &c., and at the same time such humbugs are we, that the tea, sugar, cocoa, currants, &c., which we feed them with, we tax, the houses in which they live we tax, and to insure them against sickness and unemployment, we tax the industries in which they are engaged, and from their already too small wages, deduct fourpence or more per week, and at the same time we permit valuable land, from which food might be produced, coal and iron, &c., mined, and upon which houses could be built, to remain idle and pay little or nothing at all to our local rates or imperial taxation.

If we would open up larger opportunities of employment for men we must bring more land into use, because no man can be productively employed without the use of land.

Surely it must be clear that no one will hold land idle when he has to pay over its value to the community.

That being so, if you raise your public revenue from the value of land, no one will then hold more land than they can profitably use, the result is you have plenty of land available for all. If we would increase the wages of the workers by increasing their purchasing power, we ought to abolish all taxes on tea, sugar, currants, raisins, &c. Children like cakes and puddings, why make these things dearer by taxing the ingredients with which they are made? If we would have better houses and cheaper houses, we must take the rates off houses. It must be clear that if a tax on food makes food dearer, a tax, or rate on houses must make houses dearer.

From the town in which I live, I can give illustrations of the injustice of our present rating system. In one district I find there are two plots of vacant land estimated to be worth £2,660, paying no rates. Close by a typical artisan's dwelling worth £300, paying in rates £4 10s. per year. In the same district I find a plot of land, nearly covered by the sea at high tide, worth £1,000, paying in rates about £3 per year in respect of a landing stage. My own contribution to the rates amounts to about £4 per year.

Thus we get a £2,660 property paying no rates, a £1,000 property paying £3 at the outside, whilst a £300 property has to pay £4 10s., and a £270 property £4.

It has been estimated that a land value rate of 6d. in the £ on the capital value of land in this district would be more than sufficient to provide for all our local requirements. Then the individual with the £2,660 property

would be required to pay £66 10s. per year, the £1,000 property would pay £25 per year. The £300 property which stands on land worth £72, would only be required to pay £1 16s. Instead of having to pay £4 myself I should only be required to pay about £1 12s.

A Permanent Benefit

What then in the light of these facts, becomes of the argument of those who say that rates on land values will injure the working man.

Briefly then to sum up, I contend that the taxation of land values will permanently benefit the workers by enabling them to abolish all taxes on Labour products, all taxes on industry, and all rates on houses and other improvements. It will give additional benefit by forcing more land into productive use, this resulting in a greater demand for the labour of the workers, who will then be in the position of being able to make their own terms as to wages and hours, &c.

Additional land coming into use will confer further benefits by enabling us to increase the supply of commodities, such as dairy produce, vegetable produce, fruits of all kinds, &c., thus enabling us to obtain these necessary articles of daily use at decreased cost; more mining land coming into use, coal, iron, slates, &c., will be cheaper; more land available for building, houses will be cheaper. But greater than all these benefits will be the removal of that fear of poverty, which springs from the great inequalities in the distribution of wealth, and is the cause of so much that is evil.

PROFESSOR SIDGWICK ON THE INCIDENCE OF TAXATION

Discussing the incidence of taxes levied on the value of land, including improvements, *i.e.*, taxes of the nature of the existing rates, Professor Sidgwick (PRINCIPLES OF POLITICAL ECONOMY, Book III., Chapter VIII., Section 8), says:—"At any given time there is a certain amount of outlay of various kinds for the purpose of increasing the utility of land, which would, apart from the tax, be remunerative; but a portion of which will be unprofitable, if the tax be imposed, unless the price of the produce of the land rises. Hence the imposition of the tax will tend to prevent this portion of the outlay from being made, and so to restrict the supply of the utilities that it would have produced, and consequently—sooner or later—to raise their price to an extent varying according to the conditions of supply and demand for the produce in question. If (*e.g.*) the producers are closely pressed by foreign competition the rise may be very slight; thus (*e.g.*) an increase in local rates in England, sufficient to be a serious discouragement to the improvement of agricultural land, would still have comparatively little effect in raising the price of corn. But to whatever extent the price rises from this cause, the burden of the tax will ultimately rest on the consumer or purchaser of the utilities furnished by the land, *i.e.*, to the occupier (who may, of course, be actually the owner) of land used for enjoyment (parks, gardens, &c.), or to the purchaser of the produce of agricultural land, who, however, if he be the purchaser not for consumption but for sale or production will under ordinary conditions, hand on the whole or part of the burden still further, till it reaches what we may call the ultimate consumer.

"The initial operation, however, of such a tax may be somewhat further complicated by its effects on the business of producing the increased utility of the land. To illustrate this complication, we may take the specially important case of land used for building. Suppose that a new tax proportional to value—not balanced by corresponding taxes on other sources of income—is laid on owners of land generally, including land with buildings on it (the value of