

LAND VALUES.

Thirteenth Year. Established June, 1894.

*Published the first of each month at
Glasgow, 13 Dundas Street, City ;
London, 376-377 Strand, W.C. ;
Bradford, City Chambers, 2 Darley Street.*

PRICE ONE PENNY.

*By Post in Great Britain and Ireland, 1/6 per annum ;
Australia, New Zealand, South Africa, 2/- per annum ;
Canada, United States, and South America, 50 cents.
Payable in advance.*

All Communications to be addressed to THE EDITOR
13 Dundas Street, Glasgow.

CORPORATION TELEPHONE, No. 1146.

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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.

THE GRADUATED INCOME TAX.

A Select Committee of the House of Commons is at present taking evidence on the proposal to graduate the income tax, so the moment is opportune to examine the merits of any such scheme.

The proposal, of course, is that the rate of the income tax should rise with the size of the income, the justification for the scheme being that the richer a man may be the greater should be the proportion of his income he may be called on to sacrifice—1st, because he is better able to pay; 2nd, because he enjoys his greater income largely in virtue of the protection afforded him by the State. It is also held that the step would be an important one in the direction of a more fair distribution of wealth.

It may at once be said that if present conditions are to last such a tax would be superior to most of our present taxes, direct or indirect. With things as they are, and with institutions favouring as they do, the accumulation of unearned incomes it might even be the best of taxes; but this journal exists to set forces in motion, which will ultimately change from the base things as they are, and for that reason we find

ourselves unable to work up any enthusiasm for the graduated income tax—it leaves us cold.

"I believe in making the rich pay," is the plausible though somewhat crude and superficial sentiment expressed by many. Robin Hood believed in it too, and it is the sentiment which underlies the present proposal. To tax the rich and exempt the poor may be the aim of some. To remove the cause of poverty and unearned wealth remains the aim of others. With this as our viewpoint we make no apology for offering some criticism on the proposal. No attempt is made to discriminate between incomes that are earned and incomes that are unearned. Still less to ascertain what it is that enables some men to get incomes which neither they nor anyone else have earned. Though the proposal has the support of many ardent reformers and of people in general who pride themselves on their radicalism, we do not hesitate to say that its chief defect is that it is not thorough—not radical.

At least it would only lock the door after the steed is gone. Granted that large incomes are objectionable and ought to be discouraged, it is surely a most unscientific way of dealing with them to leave untouched the conditions which favour them and then when they have been accumulated (admittedly at other people's expense) to make the holders yield up.

If large incomes are objectionable surely the scientific method would be to prevent their accumulation by addressing ourselves to the task of reforming those institutions which favour their production.

We are on the horns of a dilemma. Either an income is earned or it is unearned. If it is earned then it is neither just nor expedient that the person who has earned it should be discouraged from effort by being called on to forfeit any of it.

If, on the other hand, it is not earned, our duty as a community is to ask ourselves whether it is not possible we have allowed to grow up in our midst some institution which places it within the power of one man to live on the earnings of others, and if we find such an institution forthwith to set about uprooting it.

But for the State to go on supporting any institution which enables some to accumulate incomes wrung from the labour of others and then to appropriate part or all of such incomes through taxation is simply for the people, through the State, to become parties to the crime, while into the bargain they do nothing to relieve those who have suffered by the accumulation of the large fortunes.

If we think over the matter we shall probably see that there is no objection to personal fortunes, however large, provided they are the earnings of personal service. On the contrary, such fortunes should be encouraged. The harm comes in when we allow some to control natural opportunities, while others, through lack of opportunity to serve themselves by their own work are driven to hire out their labour for

a mere fraction of what it produces. In large fortunes which result to some, then indeed, become an evil, because they imply spoliation and poverty in others. Such fortunes are unearned, which is another way of saying that while some have received something for nothing, others have had to give something for nothing.

So on the principle that prevention is better than cure it would seem that our right course is to make such incomes impossible instead of a suggested taxing them after they have been piled up and the harm done. In our search for the prime source of unearned incomes we shall surely come on some deep-rooted forms of monopoly which it will be our duty to overturn. One means of doing so would be to tax them out of existence with the result that the unearned incomes of all kinds which spring from them would disappear, they being but the branches of the tree—not the tree of evil itself. A fundamental inequality leads to other inequalities, and granted a system of land tenure which favours the growth of a small and very wealthy class, other small and wealthy classes will arise which exist by ministering to the whims or caprices of the first class, and which, though they have no apparent connection with the fundamental inequality would none the less disappear with it.

Monopoly being killed through taxation, each man's income would then only be the measure of his services, and the idea of taxing wealth through a graduated income tax could only raise a smile, for all would see that instead of taxing incomes we should encourage them.

People would thus in effect be told to go ahead and earn as much as ever they could or pleased, secure in the knowledge that they would not be called upon to forfeit in taxes any part of their earnings, however large. For if an individual has earned his income it is his own against the whole world whatever its amount, and it is for the good of society that he should remain in secure possession.

The end of labour being the satisfaction of wants through the production of what we call wealth, where is the sense in taxing wealth or well-being, as our friends propose, since it is the very thing we are all working for?

That taxation is an all-powerful instrument for good or for evil is coming to be recognised more and more generally. It is therefore a most suitable instrument in the hands of the social reformer as a means to an end. But the end attained depends on how the instrument is used, and we cannot too strongly insist that taxation should be applied to the removal of monopoly rights—the legalised advantage which one class has acquired over others—and not to the removal of wealth after its acquisition. With artificial class advantage removed through taxation all individuals would enjoy full and equal opportunities for the exercise of their faculties in the production of wealth, and the fruit of their efforts being free from all taxation whatever, each would be left in possession of all the wealth which the exercise of his faculties might produce from such equal opportunities. Justice demands not equality of wealth but equality of opportunity and inequality of resulting wealth.

The advocates of the graduated income tax support it on the ground that taxes should be levied on individuals in proportion to their ability to pay.

We, on the other hand, hold that taxes should be levied on individuals in proportion to the benefits they receive from the public services. It has been shown time and again that the benefits of good public administration are accurately expressed in the value of land, so on the principle that individuals should contribute to the cost of the public services in proportion as they benefit from them it follows that if we permit a section of the community to appropriate this land value to their private use it is this same section which ought to pay the cost.

The world is not going to stand still. Great changes are pending. But we believe that frightful social experiments will be forced on us in the way of taking from those who have and giving to those who have not, unless we come to see that there is a fund which belongs to the public, because due to the public presence, and that there is a fund which belongs to the individual because due to individual effort, and that each should get its own and all of it.

Sir Henry Primrose, Chairman of the Board of Inland Revenue, in giving evidence before the Select Committee on Graduated Income tax said:—"They would want details of income, and, having got these, they would have to submit them for scrutiny to a special staff of surveyors. They would require drastic powers of scrutiny in dealing with those returns, and, after passing through the hands of the surveyors they would have to go to the Special Board of Commissioners who made the assessment."

Here is a pleasant prospect for the Englishman whose house is said to be his castle and whose private affairs are supposed to be sacred. After this what of Sumptuary Laws?

W. R. LESTER.

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