

CHAPTER VIII.

CONCLUSIONS.

WHAT may we gather, then, from the two schemes we have considered as to the agitation for the taxation of land values? So far as I can see, the agitation covers no less than five distinct, though more or less vague, convictions.

First.—It is partly the expression of people who experience increased and increasing rates; people who have to reside in the localities where the rates are high; people who believe that they really pay all the rates, and do not believe that the benefit they receive corresponds with the price they pay. It is probably the cry of people who do not particularly want municipal improvements: they would be content with much less, but their opinion is not asked. And I think we must do this class the justice of pointing out that the standard of municipal service is in many respects higher than the poorer ratepayers care for. It is not from them that the demand comes for sanitation, for police, for baths, art galleries, free libraries, and the like. We, in our corporate wisdom, say that the city must be made healthy and beautiful.

But the poor do not feel this as we do, and much of our legislation must appear to them like compelling people to take a bath—only that we also compel them to pay for it. To tell such people that rates must rise is to evoke an agitation to put the burden on some other shoulders. If this latter argument be admitted, I submit that it leads to some form of progressive local taxation, such as Mr. Costelloe suggests in his municipal death-duty; but I do not see that it is, in itself, any argument for the taxation of land values.

Second.—It is partly the expression of those who believe that the improvements which local taxation pays for are largely “arterial,” and that arterial improvements add chiefly to the value of sites. This is quite legitimate argument. The double question that has to be answered here is—whether the site-owners are not already taxed to the full amount,¹ and whether the proprietors in Scotland are not already paying perhaps more than their share when they pay half the Poor Rate, half the School Rate, and a third of the Municipal Rates.²

Third.—It is partly the expression of those who think that there are many landowners keeping back municipal progress, and raising the rents of the congested districts, by holding up land. This is a very specious argument. Land in a city is the most notable instance of a necessary thing limited in supply, with demand, to all appearance, constantly increasing. I do not in the least wonder that many people are so much impressed with the necessity of such land for the living of the many, that they think

¹ See p. 43.

² See p. 84.

public powers, in this respect, should be taken to put a limit on private powers. It is, indeed, a grievous thing when some landowner diverts the natural course of a city's expansion, and spoils its amenity by holding back ground which the wants of the district really demand.

But it is eloquent of the difficulties of the subject that, although this is mentioned by the London County Council, it is not pushed as the other resolutions are, and was not taken up in Mr. Costelloe's evidence. It is not one of the "main resolutions": it is, says the statement, of a "subsidiary character."¹

As I have already hinted,² the taxation of vacant building ground seems to stand on a different footing from the other. It has a justification which is wanting in the case of ground leased or feued for building. The latter, as we have seen,³ is taxed in anticipation. Vacant ground is not. All the time that it is "held up," it pays nothing (or a nominal sum) to imperial or local taxation. It may be the case that the gains are not quite so great as many people think, but this does not affect the fact that land, which might be yielding a revenue to the government, is yielding nothing, and that others have to pay higher rates in consequence. There seems accordingly a strong *prima facie* case for such taxation. The Royal Commission on the Housing of the Working Classes recommended it, although the Select Committee on Town Holdings declared against it.

The chief difficulties are:

(1) It may be possible to assess vacant land within

¹ Evidence, vol. iii., p. 320.

² P. 71.

³ P. 44.

a congested area without serious mistake, but, outside the area already built on, it is impossible, even within burghs, to predict when and to what degree agricultural land will become building ground.¹

(2) In Lord Salisbury's words: "There may possibly be something to be said for a general recourse to the American system of taxing capital instead of income values; but to adopt it in the isolated case of vacant land in or about towns, would not only lead to much evasion, but would have injurious sanitary effects. It would operate as a penalty on all open spaces except those belonging to a public authority. Urban or suburban gardens would especially suffer. On the other hand, when any pecuniary advantage was to be gained by keeping the land vacant, its capital value could be easily reduced by collusive alienations of portions of it. By a colourable sale of the outside edge, the capital value of an interior block could be, for the time, to a great extent destroyed."²

(3) The taxation of vacant ground by itself does not seem practicable: it would be unreasonable to

¹ "Take the Burgh of Renfrew, which contains a very large area of land already occupied only for agricultural purposes. Some of it is a mile and a half distant from the town proper, and not likely, perhaps, to be feued within the next fifty years. The present selling price of this land at its most distant part would not exceed £50 an acre, but land near the town has recently been feued at £20 an acre, equal to a selling price of £660. Now, how would the assessor of the Burgh of Renfrew value the selling price of the whole of the land between these extremes? Where would the £660 land stop and the £50 land begin?"—Mr. James Reith, Burgh Assessor of Paisley.

² *Memorandum to Royal Commission on Housing of the Working Classes.*

tax it on a hypothetical value without taxing occupied ground on a similar calculation, and this brings in all the difficulties already raised.

(4) Whether it would "force land into the market" for building may be doubted. It would, of course, tend to force its sale; but, as the sale would be at a reduced price—owing to the impending tax—it might force it only into the hands of other and wealthier holders.

(5) It would prevent any well-considered feuing plan, such as has prevented premature building and preserved the amenity of our residential suburbs.

To my mind, what is wanted here is something which has not yet been provided—a careful statistical investigation of where and what the land is which is being held back, when it might advantageously be taken for building purposes.¹ It is not enough, for instance, to point out that Mr. Parker Smith has not feued his fine estate of Jordanhill. The question is whether the feuing of Jordanhill for workmen's houses would be in the interest of the whole of the citizens. For the comfortable classes also must be housed, and it is easy to see that, if one-roomed houses are built in Great Western Road, the comfortable classes are likely to be driven out of the city altogether. It looks as if the ideal of some people were that the city is meant for poor men, and that every consideration must give way to housing these

¹ Those who hazard the statement that the supply of land in great cities is always short relative to the housing demand, may be able to explain the official statement of the City Assessor, that, against a total of 151,208 occupied dwellings in Glasgow in 1898, there were no less than 4,642 unoccupied, representing a rental of over £50,000.

poor men. For myself, I do not think much of that ideal. There is far too much segregation of classes already. It is not a good thing that a city should be a collection of five-storey one-roomed tenements, and it is not inappropriate to ask where the revenues of the city are to come from if the rich are driven ten or twenty miles away. Surely it is the stalls which pay for the pit, as well as the pit which pays for the stalls! I hope to see the day when the housing problem will be solved in a very different way; as it has been in many cities of America—by electric trams running at fifteen miles an hour, conveying the poor man to fresh air outside when his city work is done.

Fourth.—It is partly the popular cry against unearned increment. I do not think that the people who use this term so glibly ever ask themselves what is *earned* increment. But without a conception and definition of earned increment, the adjective “unearned” is meaningless. Mr. John Burns once said that nobody was “worth” more than £500 a year. It would have been quite as logical to say £50. If a working man were to ask himself why it is that he gets 35s. a week, when his father, not less skilled, not less hard-working, was glad to get 22s., he might find an object lesson in earned and unearned increment. In short, the taxing of increment on the ground that it is unearned, introduces canons of remuneration known as yet only to Socialism.

There is only one reason that I can see for taxing exclusively the increment of land value, namely, that it is comparatively easy to do it. When land on the border of a city jumps from 40s. an acre to £40,

the increment catches every eye; and, because it usually remains in the hands of one person, it seems easy to "get at" him. But when the shares of a successful business rise to seven or eight times their par value, no one proposes to tax the holders—for the reason, I suppose, that the shares are in many hands, and are bought and sold every day. Is the possibility of "getting at" a person to be the new canon of taxation? Would it not be a caricature of equity to tax a member of the Coats family on any land he may hold in Paisley, and take no notice of his shares in J. & P. Coats?¹

Fifth.—It is partly the expression of a larger hope. I am afraid that it is the response of the unthinking majority to the bribe set before them by the personage whom Adam Smith did not scruple to call "that insidious and crafty animal vulgarly called a politician."

Suppose the London County Council gets its way and imposes 6d. per £ on site values. This will produce £375,000, against total rates of over £10,000,000. Is it this drop in the bucket that rouses all the enthusiasm? I imagine not. I fear that the taxation of land values has got into the popular imagination as nothing less than the confiscation of rent. It is the £2,000,000 of land values in Glasgow that we aim at "appropriating," says Bailie Ferguson.² Considering that the

¹See further p. 112.

²"You do not think it is confiscation to take a shilling a year for twenty years, so that at the end of twenty years you will get the whole sovereign: but it would be confiscation to take the whole twenty shillings at once?" "I did not say confiscation, but something like confiscation."—Question 16,846, vol. iii. of Evidence.

present rates come to only £600,000, and that an eloquent tongue can suggest how many good things may be got for the odd £1,400,000, one can understand the power of such an election cry. It is, says the Single Taxer, not the petty £375,000, but the whole £15,000,000 of land values in London that we aim at taking. Why stop at London? Promise the mob that you will confiscate "the whole £300,000,000 of British rents," and I think one can understand how the resolution approving of the taxation of land values is carried amid whirlwinds of applause.

But this, I submit, is pure Henry Georgism.