

## CHAPTER V

### TAXATION

*"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 sacredly to the individual all that belongs to the individual."*—HENRY GEORGE.

*"Taxation may create monopolies, or it may prevent them; it may diffuse wealth, or it may concentrate it; it may promote liberty and equality of rights, or it may tend to the establishment of tyranny and despotism; it may be used to bring about reforms, or it may be so laid as to aggravate existing grievances and foster hatred and dissension among classes; taxation may be so controlled by the skilful hand as to give free scope to every opportunity for the creation of wealth or for the advancement of all true interests of States and Cities, or it may be so shaped by ignoramuses as to place a dead weight on a community in the race for industrial supremacy."*—Prof. ELY, *Taxation in American States and Cities*, p. 55.

THE Secretary to the Treasury told the House of Commons, on June 20th, 1933, that the amount paid in rates and taxes in 1913 was £245 millions and "at the present time" £816 millions. Later in the year he stated that the taxation per head for 1933-34 amounted in this country to £14 10s. 6d., an average of £72 12s. 6d. for a family of five persons (£1 7s. 11d. per week). The policy recommended, after the Armistice in 1918, for application to Germany by her victors, has been applied to the citizens of this country by our post-war governments. We are being squeezed by the tax-collector "till the pips squeak."

In the early months of each year, many people, with an eye on the approaching Budget, offer to the Chancellor of the Exchequer, usually by way of letters to the Press, suggestions for the imposition of new taxes, the increase of old ones or the reduction or abolition of existing ones. The new taxes are to be imposed on things which are regarded as unnecessary or useless or harmful. Things that are desirable, useful, conducive to well-being are to be relieved of taxation. Consciously or unconsciously, such proposals

are based upon the truth that taxation is a weapon of destruction.

In some cases, the facts are too plain to be denied or ignored. The old window-tax, a tax upon light and air and therefore upon health, caused the boarding-up or bricking-up of countless windows. This tax was abolished in 1851.<sup>1</sup> It then yielded nearly £1½ millions.

But it also prevented builders of new houses from making as many windows as were necessary for health; and houses still exist, built before 1851, whose blinded windows show that the evil which such taxes do lives after them. In both cases, the result was the same—fewer windows than there would have been, if there had been no window-tax. A tax upon cats, sometimes proposed by persons who, for some reason, dislike these animals, and recently suggested by Lord Kilmaine, would lead to the sending of many cats to the lethal chamber, to the prompt drowning of most litters of kittens. In the case of all subjects of taxation, the supply of which is due to human labour or is under human control, the general effect, if not the deliberate intention, and the usual result, is destruction, partial or complete.

The deliberate intention is clear enough in the monstrous system of taxation—reintroduced into this country during the War and carried to extravagant lengths since the "Peace"—oddly called "Protection." It is hardly possible to conceive any method of taxation more completely destructive in its effects. A poster of the "National" candidates during the General Election of 1931 showed an ocean steamship by the side of a quay, on which were piled boxes of goods, labelled "From Denmark" and a number of other foreign countries. The poster carried an appeal to the electors to vote for the candidates who would "keep all these things out." Some of the results of this policy were soon to be seen in Southampton Water, the Liverpool Docks, the Clyde Lochs, and other anchorages, filled with idle merchant vessels, laid up owing to the destruction of the foreign trade in which they had been engaged.

<sup>1</sup> Parliament substituted for it a tax of exactly the same destructive character—the Inhabited House Duty, repealed by Mr Snowden in 1924.

Thousands of men, whose normal occupation was to "follow the sea" were thrown out of work by the destruction of their jobs.<sup>1</sup> Belfast Lough and the banks of the Clyde presented a melancholy panorama of idle ship-building yards: more unemployment. Elsewhere, the many industries such as iron and steel works, engineering shops, etc., which should have been busy preparing material for the building, repairing or furnishing of ships, were at a standstill, and their employees were "on the dole." This is only one of the effects of tariffs. It is quite impossible even to guess how much other unemployment was caused among those who, but for the Tariffs, would have been called upon to furnish cargoes of goods for the ships, in payment for the imports that were being kept out of the country. The workmen who, during the "raging and tearing propaganda" of "Protection," in the days when Joseph Chamberlain was its chief prophet, sang in sarcastic chorus:—

"Tariff Reform" means "work for all"—  
Chopping up wood in the workhouse.

showed themselves better economists than the great ex-Radical who endeavoured, in the early years of the twentieth century, to restore the blessings of "Protection" to a generation that had not experienced the "Hungry 'Forties" of the nineteenth. In one respect, Chamberlain proved a true prophet, for he warned the people that "Protection" would necessarily involve a tariff on food.<sup>2</sup>

A hundred years ago, the *Times*, which now supports "Protection," wrote of the Corn Laws that "the redundancy of hands [unemployment] in this country is not necessary, is not natural, but has been produced artificially and inhumanly by that law which sets a fictitious price on the first material of human subsistence, prohibiting a free

<sup>1</sup> In Liverpool, 93,000 people on relief in January, 1935, and the Government trying to save the shipping industry by grants and loans at the cost or risk of the taxpayers.

<sup>2</sup> In England, "Tariff Reform" meant the introduction of "protective" duties; in the United States and Australia it meant the reduction of the high tariffs already in force. For a fuller discussion of Protection, especially in its relation to Taxation of Land Values, see HENRY GEORGE, *Protection or Free Trade*, and FREDK. VERINDER, *Free Trade and Land Values* (o.p.).

trade in corn, and by strict consequence *in all those articles of production for which corn would be given in exchange.*"<sup>1</sup>

The farmers in those days rejoiced in the high price of corn, and the landlords had even greater reason to rejoice in the high rent of land. That the agricultural landlords of to-day are to be the ultimate beneficiaries of our modern food taxes was made clear about the end of 1933, when the bursars of seven of the largest and wealthiest of Oxford colleges made a very urgent appeal to the Minister of Agriculture for "a further drastic curtailment of the supplies of imported beef" to help their agricultural tenants to pay their rents. Lord Astor wrote to the *Times* on January 24th, 1934, and since, reviewing past and proposed interferences with trade in hops (already blessed with a tariff of 50 per cent.) and asking: "Is it wise to endow with such a monopoly certain individuals [the present growers?]" Is it right to make a gift of the large increment in land value which would accrue to the acres at present under hops?"

Space cannot be found here for a full discussion of the evils of "Protection." Some of them are making themselves manifest, and old "slogans" are being abandoned or changed. It is useless any longer to pretend that "Protection" is a panacea for unemployment. The alleged value of a tariff as an instrument of bargaining with other tariff-ridden countries is less obvious than the readiness of other countries to retaliate by raising their tariffs still higher, or by imposing new ones in reply to ours. It is still impossible to "cast out devils by Beelzebub," or bring about a return to Free Trade by a "ruthless" use of Tariffs as Mr Lloyd George seems to think. It is absurd to pretend that the way to bring about Free Trade is to go into negotiation armed with a bludgeon in the form of a "temporary tariff,"<sup>2</sup> and so compel other countries to abolish theirs.

The moment that a "Protective" Duty is placed on any article of British production a privileged interest is created. The producers, unchecked by foreign competition, are able

<sup>1</sup> *Times*, January 3rd, 1834.

<sup>2</sup> The Income Tax, at 7d. in the £, was imposed by Peel in 1842 as a *temporary tax* (for three years)!

to raise prices, and will fight to the last ditch to conserve their profitable privilege. Temporary tariffs have been imposed to foster "infant" industries, but the infants never seem to grow up. We are having a similar experience with our infant bounty-fed beet-sugar industry, the story of which is a crying scandal. Such tariffs open wide the door to such political corruption as the tariffs of the United States have notoriously produced. In any case, the stimulus which competition gives to increased efficiency is weakened or removed.

The foreign travel, which might do so much to promote friendliness between the nations, is impeded by the irritations of the Customs House examinations of luggage in search of dutiable articles, many in number and often fairly easy to conceal. When a whole class of products is subjected to a tariff, a large number of artificial crimes may be created by a stroke of the pen and men are tempted to commit them, partly by a sense of the injustice of such taxation and partly by the larger margin of profit which can be obtained on many kinds of uncustomed goods. The effort to suppress that form of free trade which is now called "smuggling" greatly increases the already heavy cost of collecting the tariff duties. Those business men who, in spite of the tariff, continue to import goods for which there is still a demand, are subject to heavy expense, annoying delays and vexatious regulations in their endeavours to get their goods through the Customs. Finally, the disputes and ill-feeling engendered by what is, often and rightly, called this Trade War are a real danger to International Peace, as in the case of the tariff-fight between England and the Irish Free State. To use a national tax as a weapon of offence against other nations is a dangerous proceeding in a world that refuses to disarm.

Other devices besides Tariffs have been adopted by the "National" Government with a view to preventing good things from coming into this country. "Quotas," which Mr Runciman calls "quantitative regulation of imports," lessen imports and raise prices without even producing any revenue at all. At a Midland Divisional meeting of the Co-operative Wholesale Society it was

reported<sup>1</sup> that, owing to the operation of the bacon quota, their members had paid £136,738 *more* for 2,900 cwts. *less* bacon. The sugar "bounty" has cost the taxpayers £40,000,000 in nine years. There are "subsidies" for wheat-growing, etc. These are certainly not "paid by the foreigner." They are paid in money by the British taxpayer, in suffering by the unemployed in the export trades, and in confusion by the industries, which the Government is trying to encourage.

Even before the Great War, we had a list of imported articles which it was a law-made crime to bring into this country without paying a tax. We had what was called a Tariff for Revenue only. So far as any of these articles (*e.g.*, chicory, tobacco, some alcoholic drinks) could be produced in the home land, there was a countervailing duty of Excise imposed upon the home product. They were not "protective" taxes, and were not intended to be. They belonged, as Protection does, to the vicious class of Indirect (or Crooked) Taxation, of which William Pitt said many years ago:—

There is a method by which you can tax the last rag from the back, and the last bite from the mouth, without causing a murmur against high taxes, and that is, to tax a great many articles of daily use and necessity so indirectly that the people will pay them and not know it. Their grumbling will then be of hard times, but they will not know that the hard times are caused by taxation.

More tersely, and with brutal and insulting frankness, the French statesman Colbert once defined indirect taxation as a method of plucking geese so as to get the most feathers with the least amount of squawking!

Since the Liberal Party demanded the abolition of the Breakfast Table Duties in the famous Newcastle Programme of 1891, the arguments against this sort of taxation have been so frequently stated that they must now be familiar to all intelligent electors. The duties fall upon necessaries and simple comforts of life; they increase the price of these, beyond the actual amount of the tax, by enabling the middlemen through whose hands the goods pass, after they are taken out of bond, to make a profit on the amount of the tax as well as upon the prime cost of the

<sup>1</sup> *Co-operative News*, January 27th, 1934.

articles, and so violate Adam Smith's canon "that every tax should be so contrived as both to take out and keep out of the pockets of the people as little as possible over and above what it brings into the public Treasury of the State;"<sup>1</sup> and they press most hardly on the poorest citizens.<sup>2</sup> All these objections and others that are hinted at above apply, in far greater form, to the indirect taxes whose aim and object is what is called "Protection." It is true that one may escape these indirect taxes by ceasing to buy the taxed articles, *e.g.*, by abstaining from alcohol and tobacco: but, in the highly protected country that Britain now is, such a method of avoiding unjust taxation would reduce us to a state of absolute destitution.

There are few things more greatly to be desired than the complete sweeping away of this system of indirect taxation, whether "protective" or "for Revenue only," when a new Government introduces its first Budget. But it will be necessary to see to it, that this is done (1) in such a way that the people who have suffered under "Protection" shall get the benefits of its abolition,<sup>3</sup> and (2) that the *whole* of Trade, the production as well as the distribution of goods, and not merely the international exchange of goods, is made free from the attentions of the tax-collector.

Who will get the surest benefit from the increase of prosperity which will follow on the abolition of Tariffs?

On August 10th, 1795, the Scheldt, which had long been closed by the Dutch against the overseas trade of Antwerp, was declared free, and was placed under the safeguard of the French Republic. "It is said that the very day after the publication of this decree, the value of houses and land in Antwerp was increased tenfold."<sup>4</sup> It is clear, in spite

<sup>1</sup> *Wealth of Nations*, Book V, Ch. ii.

<sup>2</sup> "The smallest incomes pay a disproportionately larger percentage [of food taxes]. . . . *The lower the standard of comfort, the larger the percentage that is taxed.*"—F. W. KOLTHAMMER, M.A., *Some Notes on the Incidence of Taxation on the Working-Class Family* (the Ratan Tata Foundation of the University of London, 1913). The italics in the quotation are Mr. Kolthammer's.

<sup>3</sup> See HENRY GEORGE, *Protection or Free Trade*, Ch. xxv: "The Robber that takes all that is left."

<sup>4</sup> WILFRID C. ROBINSON, *Antwerp: an Historical Sketch*, quoting NAMECHE, *Hist. Nat.*, xxviii, 27.

of the wording of this statement, that this increase was of land value only; the structural value of the houses could not have been increased 900 per cent by a measure which would probably have the effect of cheapening building materials. Antwerp was then enclosed within narrow limits by its fortifications, and the artificial scarcity of land within the walls accentuated the rise of land values which followed immediately on the opening of the port to complete freedom of international exchange.

The same kind of result will inevitably follow the abolition of "Protection" in this country, if access to land is still limited by the power of the land monopolist. For this reason, the revenue now derived from duties of Customs and Excise should be substituted by taxation of land values, which will make available, for the demands of rapidly increasing trade, land which is now withheld from productive and commercial use. Moreover, there is no other visible means of replacing the revenue now yielded by the indirect taxation of home and foreign products except other forms of taxation "in restraint of trade."

Trade does not consist only in *exchange* of goods. In our English speech this is recognized; the word "tradesman" is applied indifferently to productive workers and to shopkeepers. All kinds of producers have their "trade unions." Goods must be produced before they can be exchanged, and every kind of commodity traces its ancestry back to a job of work on land. "Protection" is an evil thing because it hinders, and sometimes altogether prevents, the exchange of goods. Landlordism may, and often does, by holding up land, make it impossible to produce anything to trade with. Once more, the breakdown of land monopoly by the taxation of land values is (as a doctor would say) "indicated" as the cure for a great social evil.

What is left of a "land tax" of William III's time still yields a small sum to the Exchequer. Most of it has been redeemed, and the remainder is paid at a reduced rate on an imperfect valuation now well over 200 years old. It falls most heavily upon land in the poor country parishes which have shown the smallest increase of population during the past two centuries. Some part of the national revenue is derived from a large profit on the public services



entered by the Post Office,<sup>1</sup> and by the national investment in Suez Canal shares.

Apart from such items as these, the bulk of our national revenue is raised by a bewildering multiplicity of taxes, far too numerous to catalogue in detail in a small book. They are based upon (1) earnings, or rather, incomes; (2) pendings, taxed by the indirect or "crooked" method; (3) savings or accumulations; (4) premiums or licences to engage in business or to enter a profession; (5) processes of production; (6) transactions of business; (7) transport;<sup>2</sup> (8) recreations and amusements.

These multifarious impositions are sometimes defended on the ground that they ensure, or at least are designed to ensure, that every citizen shall contribute towards the national house-keeping expenses in proportion to his 'ability to pay.'<sup>3</sup> But no one of them, nor all of them in combination, can be deemed to afford a just measure of this ability. The continual effort to adapt the Income Tax, which is avowedly based on ability to pay, to its alleged purpose, has, after innumerable amendments in annual Finance Bills, brought Income Tax law to a state of complication which only professional experts and frequent appeals to the Courts can unravel. An income of (say) £250 a year may represent many widely different degrees of ability to pay, according to the social position, the occupation, the place of residence, the standard of living, and the family circumstances of its recipient. The poor only escape liability to this tax if their earnings are below the miserable limit of fifty shillings a week. To reduce the purchasing power of each of these shillings (apparently on the assumption that the possession of the shilling denotes ability to pay

<sup>1</sup> The Government appears to have realized at last that these profits represent a tax upon the users of the Post Office. Some part of them is now to be retained for the improvement of the postal service.

<sup>2</sup> An advertisement in January, 1934, complains that motor-cars are taxed to the amount of £64,000,000.

<sup>3</sup> Yet a miser, who hoarded all his money in a strong box and lived a lonely and useless life in a garret on bread and water, would escape nearly all taxation except the Death Duties, and might escape even them if he secretly gave away his money before his death.

a tax) by indirect taxes on the foods and drinks upon which they necessarily spend a large proportion of their earnings, is an outrageous act of oppression, and to tax their occasional visits to "the pictures," unless they occupy the very cheapest seats, is to add insult to injury. Amusement is at least as necessary to the hard-working proletarian as to the idle rich.<sup>1</sup>

The fact is that "ability to pay" is, as nearly as possible, the worst canon of taxation. The theory is as old as the history of tyranny. Mediæval kings acted on it. Isaac of York knew all about it: in days long before the apparition of Adolf Hitler, the Jew's ability to pay was tested, not by inquisitorial Income Tax forms, but by painful operations of dentistry. Oriental rulers have long been experts in the application of the principle, and their subjects learnt that it was dangerous to show any signs of wealth. Dick Turpin and Captain Kidd assessed travellers by land or sea to their method of taxation according to ability to pay, as do the American "racketeers." It is amazing to find governments of "civilized" countries still willing to follow such examples.

The injustice of such methods of taxation is partially concealed from their poorer victims by the steep graduation of the Income Tax. Knowing by experience how hard it is to earn a pound or two a week, they realize that no man is clever enough or industrious enough to *earn* hundreds of thousands a year, or, by honest means, to accumulate millions to leave to his heirs. The graduated Income Tax, the Super-Tax, the heavy Death Duties on very large estates give an appearance of rough justice to the system. But surely it is not the right course to allow a man to make an enormous income at the expense of his fellows,

<sup>1</sup> Our present methods of taxation penalize industry and thrift and interfere in many ways with quite honest business transactions. Take a simple and quite absurd instance. *A* agrees with *B*, a carpenter, to do a job about the house for £2. He pays by cheque and gets a receipt. The State insists that a twopenny stamp be affixed to each of these documents. It costs *A* £2 0s. 2d. to pay a debt of £2, and *B*, who is entitled to the £2, is left with a net sum of £1 19s. 10d. It seems to be held that ability to pay these taxes is proved by the fact that *A* has £2, and that *B* is receiving it as the reward of his labour.

and then to tax him while he lives and his heirs when he dies. The right course is to alter the system under which it is so easily possible for some to "get on" to such an extent by pushing many others off. These very large incomes and accumulations are always due to the possession by their recipients, or by those from whom they have inherited, of some special "pull," some form of monopoly—usually of land monopoly or some of its numerous progeny.<sup>1</sup>

Adam Smith is often quoted in defence of the "ability" basis of taxation. It is true that he says that "the subjects of every State ought to contribute to the support of the Government as nearly as possible in proportion to their respective abilities"; but he apparently believed that ability to pay taxation could be measured by "the revenue which they respectively enjoy under the protection of the State,"<sup>2</sup> and he maintains that "ground rents [*i.e.*, urban land values] and the ordinary rent of land [agricultural land values] are a species of revenue which the owner, in many cases, enjoys without any care or attention of his own. . . . Ground rents, so far as they exceed the ordinary rent of land, are altogether due to the good Government of the Sovereign."<sup>3</sup> This brought him a long way on the road to the land value basis of taxation.

In our thickly populated communities people could not live and work together without some form of Government, charged with the duty of maintaining certain necessary social services for the common benefit. These services are naturally costly, and some way must be found for raising the money to pay for them. Our way is by taxation. Taxation, justly levied and properly applied to purposes of general utility, is not an evil thing. The main reason why people so generally grumble at the taxes they have to pay is that they feel that the fiscal burdens they have to bear are not justly apportioned among the members of the community.

We offer them a method of taxation which does satisfy

<sup>1</sup> See Chapter III.

<sup>2</sup> See EDWIN ADAM, *Land Values and Taxation*, p. 38 ff., who shows the importance that must be attached to the words "under the protection of the State."

<sup>3</sup> *Wealth of Nations* (first edition, 1776), Book V, ch. II, Part II.

the dictates of Justice: the taxation of land values. If it be asked, Why add yet another tax to the multitude of taxes you are always attacking? the answer is that the taxation of land values is not offered as an *addition* to the long list of existing taxes, but as a *substitution*, immediately for some of them, ultimately for all of them; that the new "tax" is not another of the same kind as any of the old ones, but, in effect, the transfer into the public purse of an old tribute which, under the name of rent, has been collected for centuries from the users of land by the land monopolists, and paid into their private banking accounts.

Land is different from the things we now tax. Its value is a value different in kind from the values that are assessed to Duty in our Custom Houses or to local rates by the Assessment Committees of our Local Councils. Consequently, the effects of a tax upon such a basis will be different.

The *Times* reminds us every day at the head of a quotation from its issue of 100 years ago that at that time its price was 7d. per copy. At least half the price was due to the paper tax. To make it clear that the tax, although paid in the first instance by the proprietor, was passed on to the purchaser, the publisher of the *Athenæum* used to print on his journal: "Paper and print, 3½d.; Taxes on Knowledge 3½d.; Price 7d."<sup>1</sup> The tax killed many newspapers, and reduced the circulation of those that survived. It ruined many of the smaller paper-mills.<sup>2</sup> Its abolition left the way clear for the coming of much larger newspapers, with enormous circulations, at a much cheaper price. It is not always quite so easy to show the public that the normal effect of a tax upon commodities, whether produced at home or imported from abroad, is, by increasing the cost of production, to raise their price, and so limit the demand for them. Even if the higher price does not always prevent people from buying the taxed goods, the payment of it leaves less money available for the purchase of other commodities. The toper, who will have his drink at any price, may go on tipping, even if increased taxation doubles

<sup>1</sup> If it were possible for grocery bills to be made out after a similar fashion, the housewives of Britain would make short work of the food taxes at the next General Election!

<sup>2</sup> COLLET, *History of the Taxes on Knowledge*, I, 51, 68, 198.

or quadruples the cost of his pints, and even if his wife and children have to go short of food. The tax, collected from him by the brewer through the publican, may indirectly destroy part of the trade of the baker and shoemaker.

The commodities, the supply of which can be controlled by man, because they are produced by human labour, cannot be taxed without a destructive effect upon their production. But land is not produced by man. Its amount is fixed beyond man's control; no tax can diminish its area; no effort can increase it. It can only be put to a better or worse use, while goods (given the necessary access to land) can be almost indefinitely increased by devoting more labour or applying better methods to their production. The value of land is due, not to the labour of the person who claims to own it, but to its natural advantages of position, to its fertility of soil or richness in mineral content, to the enjoyment of National and Municipal services which its occupation makes available, and to the conscious or unconscious co-operation of the surrounding population.

A tax based upon land value will fall both upon land, which is in use, and upon contiguous land, enjoying similar advantages, even if it is entirely unused. Everywhere in this country there is land which is either not used at all or is being put to some poor use, far inferior to its potentialities. A tax upon the value of land, irrespective of the use to which it is (or is not) put, would immediately stimulate the holders of idle land, either themselves to put it to good use or to let or sell the land to others who would do so. The *market supply* of land will be increased by such a tax. Whereas taxes on labour products tend, by decreasing the market supply, to increase their price, a land value tax will have exactly the opposite effect upon the price of land. Access to land will become cheaper and easier. Land, now held out of use as a speculation, will become available for productive use. There is no known way of putting land to productive use except the employment of labour upon it.

It follows from the foregoing considerations that a tax upon land value cannot be "passed on" by landlord to tenant in the way in which taxes upon goods are passed

on from manufacturer or distributor to consumer.<sup>1</sup> Ricardo recognized this as a natural consequence of the Law of Rent. "A tax on rent [land value] would fall wholly on landlords and could not be shifted to any class of consumers" for "it would leave unaltered the difference between the produce obtained from the least productive land in cultivation [use] and that obtained from land of every other quality." The marginal land—the *datum* line from which rent is measured—would not be affected by a tax to which *ex hypothesi* it is not subject.<sup>2</sup>

The more closely the nature of land value is studied, the clearer it becomes that it is the only basis of taxation whereby, as Adam Smith<sup>3</sup> said, "no discouragement will be given to any sort of industry." A tax upon land values is the only tax which does not operate "in restraint of trade." It at once stimulates and facilitates the production of wealth and promotes its equitable distribution among the members of the community who produce it.

Yet a land value tax, like all other taxes, is destructive in its effects. Properly applied, and carried to its logical conclusion, it will destroy land monopoly, the enemy of all industrial and social progress, and thereby will open up land to the willing worker when and as it is needed for productive use. It will fall with the greatest severity and effect upon that "Public Enemy, No. 1," as they might say in America,—the speculator in land values. The workman who follows the "mugs' game," and bets on horses and dogs in the effort to get money without working for it, may do serious harm to his wife and children and may even be driven to the Public Assistance Committee. The speculator in land values, using as a gambling counter that which is essentially necessary to the very existence of his fellow-citizens, becomes an active agent in the creation of unemployment and slums with all the poverty, misery, sickness and crime which these social curses bring with them.

In proportion as we base our taxation on land values, we shall be substituting for the discredited canon of "ability

<sup>1</sup> See Chapter XII, p. 139.

<sup>2</sup> See Chapter I, p. 9.

<sup>3</sup> *Wealth of Nations*, Book V, ch. II, Part II.

to pay " a new and just basis of taxation " according to benefits received." As every social improvement finally expresses itself in terms of land value, it is only just that those publicly-created values should be paid over by those who, in the first instance, collect them, and be applied to necessary public uses.