

CONCLUSION

THE rapid development and the wide expansion of the functions of local authorities during the last hundred years has necessitated a corresponding growth of local expenditure. It is not within the scope of this work to examine the purposes of that expenditure. It may be that part is devoted to palliating evils which call for radical remedies, but in the main it is justified by needs arising out of the very growth of urban communities. But however much the objects upon which it is spent justify the levying of local taxation, they cannot excuse the method.

If some are called upon to contribute too much and others too little, that injustice must be increased with every increase in the volume of spending. Thus, while we seek to remedy old evils, we are creating new ones which are none the less grievous because they pass unnoticed.

Our system of local taxation has grown up in its present form almost by accident. It falls upon the assumed rental value of landed property without regard to the factors making up that value. Buildings and improvements require to be made by human effort; they require to be tended and repaired; and in course of time they wear out and must be replaced. Land is here irrespective of what man has done. It is provided by nature without man's exertion. The supply of it cannot be increased. The value of it increases with the aggregation of population, with the development of industry, and with improvement in the public services; and that value

arises not because of what the owner has done, but because of what the community has done.

The rating of buildings and improvements discourages the making of them, and causes them to be scarcer and dearer than otherwise they would be. The exemption of land value from rating encourages the holding of land unused or badly used. It creates an artificial scarcity of land, and so raises the price that must be paid for it, thus stopping production at its fountain head.

We should desire to encourage the use of land for building and manufacture, for the extraction of minerals, and for cultivation. The way to achieve this is to exempt from taxation the labour and capital which is used for these purposes, and to base our local rating upon the value of the opportunity, not upon the value of the use that is made of it.

In so doing we shall use for public revenues a fund which is above all peculiarly suited to that purpose. We shall in fact only be restoring to the community a fund which owes its existence to the community and which should never have been diverted to any other purpose.

We have seen that experience in many countries has proved that this proposal can be carried out with ease and efficiency, and that the transition to the new system can be effected without unnecessary interference with existing institutions. An examination of the practical measures which should be taken in this country shows that the rating of land values can be applied here also without difficulty.

The change from the one system to the other can be made by steps of such size as may be found desirable, but there is no reason why the first step should be delayed or why the whole should occupy any great period of

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time. Indeed when the change has been made, people will wonder why it was not made sooner, why we have so long been content to penalize the results of useful effort, and why we have so long refrained from defraying local expenditure out of that fund which is so expressly fitted to bear it.