

LAND VALUES

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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 sacredly to the individual all that belongs to the individual."—*Henry George.*

THE REAL LIBERATING POLICY

NEARLY nine years have passed since the Liberal Party came into power with an overwhelming majority, accorded them by the electorate partly as a protest against the Tory Government and partly as a sign of approval of the policy of land and social reform outlined by Sir Henry Campbell-Bannerman. In the forefront of that policy stood the taxation of land values. In 1907 and in 1908 the Government attempted to redeem its pledges by the Land Values (Scotland) Bill, but these efforts were frustrated by the House of Lords. A way of overcoming this obstacle was sought in the Budget of 1909-10, and the land clauses of that budget floated the Liberal Party into power at two successive elections and crippled the power of the House of Lords.

But with the passing of the "Great Budget" these pledges were not fulfilled: the task of reform was only beginning. It was not for the Budget with its meagre and discriminating taxes that the electors voted, but for valuation and the prospect of future land reform that was bound up in it. These taxes were accepted because they involved a valuation of the land.

Five years have passed since the introduction of the 1909 Budget, and the Government's tenure of office is nearly expired. It has been pointed out again and again in the House of Commons and outside that an adjustment of the valuation was necessary if it was to become a basis of rating and taxation; yet only now are we to obtain the necessary amendment—if the Lords condescend to pass it.

True the time of Parliament (we do not forget the imperfections of the Parliament Act) has been well occupied in the redemption of the generation-old pledges to pass Home Rule, Welsh Disestablishment, and the Abolition of Plural Voting. It is well that these questions should be dealt with and settled once for all, for the public mind is tired of political reforms and is anxiously looking for radical and far-reaching economic changes.

If these matters had taken up all the time of Parliament we could hardly grumble that no steps had been taken to make the way for the introduction of the taxation of land values smoother and easier. But what has happened? We have had innumerable legislative and repressive measures—the Shops Act, the Labour

Exchanges Act, the National Insurance Act, and the rest—all passed with the most kind and benevolent intentions, yet all unavailing. The lot of the worker is still hard and dreary, the competition of the man willing to take his place is the whip that keeps him at the wheel. Sir Hugh Bell writes to the *TIMES* in a fine frenzy of the cost of these measures to his firm; and yet we learn that its dividends have rather risen than fallen. Who has paid for this State-imposed benevolence? The workers, either in their taxes or in an increased cost of living.

"Justice not charity" is the cry, for charity is revolting to the independent spirit of the people as well as being futile. If this were not so the Insurance Act would have placed the Government in an unassailable position. But the Insurance Act is still far from popular, and, as its author admitted, if they had sought the opinion of the country upon it they could not have got a verdict in its favour.

A great land reform campaign has been launched, but the question is: Is it a land reform campaign in spirit as well as in name? So far as it has proceeded it is ill-balanced, giving much prominence to things that are useless or worse than useless, the essential reform of rating and taxing land values being treated as a matter of minor importance. This is a gross blunder and in the end it will be unavailing. The demand and the agitation for land reform has come from those who believe in the taxation of land values. The rank and file of the Liberal and Labour parties and their unattached supporters everywhere believe in that principle as the basis of land reform, and it has an abiding place within the ranks of the Tory party; and an attempt to exploit the sentiment for land reform while leaving out the taxation of land values is foredoomed to failure. The President of the Local Government Board talks of relieving improvements from taxation by taxing "personalty" that is by taxing (to some extent at least) the income from improvements. That will not do; the electors are not interested in it; what they want is the rating of land values.

The Land Values Group, which includes the majority of the Liberal and Labour Parties, have continually pressed that no grants should be given without the make-weight of a land values tax, but their views are entirely disregarded. They are offered instead a specious and illusory plan devised by the President of the Local Government Board of unrating improvements while leaving land as untaxed as ever—a plan which no one has ever asked for, which would entail a new valuation on lines that have never been tried anywhere, and which in the opinion of those best fitted to judge would in practice prove a miserable fiasco.

The rating and taxation of land values seems to occupy a less prominent place than ever in the Government's programme. They seem to become more and more indifferent to their former pledges and the feelings of their supporters in the country.

The Government have handled this question of taxing land values in a far too hesitating, dilatory, and evasive fashion. Mr. Lloyd George has condemned the present rating system, and he has more than once said that the Government were pledged to deal with the rating of site values, but there has never been the slightest indication of what precisely it was that they were going to do. The time is ripe, and over-ripe, for a straightforward pronouncement.

The Glasgow speech led us to believe that by rating reform the Chancellor of the Exchequer meant rating land values. Now comes along a Budget in which provision is to be made for giving enormous and unprecedented grants to the local authorities. No provision is made for raising this money by a tax on land values, although every one knows that increased grants in relief of rates, no matter how ingeniously they are distributed, will simply be a present to landowners unless accompanied by taxation of land values.

It is time that the Prime Minister and the Chancellor of the Exchequer spoke out boldly even at the risk of alienating a few of their Whig supporters. Let them say definitely that they propose a penny rate or a penny tax on land values, let them explain what the effect of this would be in breaking up land monopoly, let them make it clear that the question is going to be dealt with firmly and seriously.

The party that is going to make "Land" the issue at the coming General Election must show that they intend to unlock the land, that they are going to make access easier to the untilled and unused acres of the country, that they are going to relieve the people of unjust and ever-increasing taxation and place it on that socially created value which should be the nation's common fund.

The essential economic principles are simple and easy to understand. The people can readily see that the land is nature's storehouse and that from it all wealth must be derived, that to hold land out of use makes it more difficult to get a living and inflates the price of the land that is used, and that the taxation of land values, irrespective of the use made of the land will put an end to the landlords' power to withhold it. This was the faith of Sir Henry Campbell-Bannerman. This is the faith his successors must revert to. Will they? Who can tell? But if not now, sooner or later this belief will triumph for its supporters outside and inside the House of Commons are growing in numbers and power.

The taxation of land values is the essential reform because it has to do with the most fundamental of human relationships—the relationship of man to the earth upon which he must live and from which he must obtain a living. To take land values in taxation for the equal benefit of all the people is to put all men on an equal footing in regard to the use of the earth. It prevents any man from accumulating riches because chance has endowed him with a more productive plot of land and left his neighbours to content themselves with less productive land. It prevents any man from committing the crowning injustice of holding land out of use and so depriving his fellowmen of the opportunity to use it.

At the bottom of social unrest, poverty, bad housing and unemployment lies the fact that the land which is the source of all wealth is under-utilised, that the production of wealth is restricted and its distribution perverted through the diversion of land values into the hands of a few people and the consequent imposition of unjust taxation on the already impoverished workers. This condition can only be ended by dealing with its cause, and the taxation of land values is the only effective means of striking at all these evils. It is the real liberating policy which will increase the production of wealth and cause it to be distributed in the proper channels.

F. C. R. D.

GREGORY KING'S LAW OF PRICES IN RELATION TO LAND

By James Dundas White, LL.D., M.P.

Every one knows that if the supply of an article is diminished, without alteration in the demand, prices rise, and that, under like conditions, if the supply is increased prices fall. Thus, other things being equal, a variation in the supply causes a converse-variation in prices. It is also to be noted that, if the article be one of common and necessary use, a relatively small variation in the supply will cause a relatively large converse-variation in prices, and any increase of variation in the supply will increase the converse-variation of prices in a rapidly increasing ratio.

These augmented effects seem to have been first observed towards the close of the seventeenth century, when they found expression in what is called Gregory King's Law of Prices, although it seems to be uncertain whether that Law should be attributed to Gregory King, whose "Natural and Political Observations and Conclusions upon the State and Condition of England" dates from 1696 (though not published in full till much later), or to Charles Davenant, whose "Essay upon the Probable Methods of Making a People Gainers in the Ballance of Trade" appeared in 1699. The earliest recorded statement, and indeed the classical statement, of it is the third section of that "Essay," in which Davenant, after referring to Gregory King's statistics and some other matters, wrote the following passage which may be quoted as a whole, because the earlier part of it shows the economic conditions of the time. (The quotation is from the original—1699—edition of Davenant's "Essay" pp. 82, 83; the passage will also be found in Davenant's Collected works, 1771, vol. ii., pp. 224-5):—

"By the best Accompts we are able to procure from such as have look'd into these things, we find that in *England*, in a plentiful Year, there is not above five Months' stock of Grain at the time of the succeeding Harvest, and not above four Months' Stock in an indifferent Year, which is but a slender Provision against any Evil Accident. We enjoy the benefit of such different Soils, viz. High Lands and Low Lands, where one hits when the other fails, that now a-days we seldom see Corn above treble its common Rate, which however would be fatal, if it should at any time continue so long as to make large Supplies from abroad necessary to us. 'Tis observed, That but 1/10 defect in the Harvest may raise the Price 3/10, and when we have but half our Crop of Wheat, which now and then happens, the remainder is spun out by Thrift and good Management, and eked out by the use of other Grain; but this will not do for above one Year, and would be a small help in the succession of two or three unseasonable Harvests: For the scarcity even of one Year is very destructive, in which many of the poorest Sort perish, either for want of sufficient Food, or by unwholesome Diet.

"We take it, That a Defect in the Harvest may raise the Price of Corn in the following Proportions:—

Defect.		Above the common rate.
1 Tenth	Raises the Price	3 Tenths
2 Tenths		8 Tenths
3 Tenths		1 . 6 Tenths
4 Tenths		2 . 8 Tenths
5 Tenths		4 . 5 Tenths

So that when Corn rises to treble the Common Rate, it may be presum'd, that we want a third of the Common Produce; and if we should want 5 Tenths, or half the Common Produce, the Price would rise to near five times the Common Rate."

The most important application of Gregory King's Law of Prices, and one which has been strangely overlooked, is its application to land. Land is the first necessary of life,