

# LAND & LIBERTY

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## THE CASE FOR LAND VALUE TAXATION—NOW

### Statement to the Chancellor of the Exchequer

MR KINGSLEY WOOD having intimated his willingness to receive from Members of Parliament any suggestions they might put before him for the raising of public revenues, the following memorandum has been submitted to him over the signatures of David Adams, James Barr, Joseph Batey, A. Bevan, W. G. Cove, F. C. R. Douglas, W. Glenvil Hall, Mrs Hardie, W. F. Jackson, W. Leonard, J. R. Leslie, G. Macdonald, H. G. McGhee, H. B. Morgan, J. Parker, B. Riley, Dr A. Salter, T. M. Sexton, R. W. Sorensen, R. R. Stokes, W. J. Thorne, S. P. Viant, Josiah Wedgwood and C. H. Wilson.

#### TO THE CHANCELLOR OF THE EXCHEQUER

SIR,—The most pressing problem in national finance is to secure the balancing of the Budget without recourse to inflation. Under the present system this will necessitate an increase of taxation to fill the gap between expenditure and the revenue from loans and existing taxes. Any form of taxation which will raise sufficient revenue will in a sense solve the immediate problem, but there are other conditions that must be satisfied. The taxes imposed must fall justly as between one citizen and another; and they should obstruct production and trade as little as possible.

The purchase tax for example offends in both of these respects. On men with equal incomes it falls unequally according as they have the responsibilities of a home and family to maintain or not. It penalizes the man whose home and furniture are destroyed as compared with him who escapes. It hits traders and manufacturers dealing in those articles which have been subjected to the higher rate of tax more hardly than those concerned with articles subject to the lower rate or exempt. Many illustrations could be given of the unfairness of its operation. A strong argument could be put forward for the repeal of this tax but assuming it remains the case against the imposition of any other taxation of a similar nature becomes all the more strong. If the purchase tax remains, the balance should be redressed by application of taxes which will have a quite different incidence.

The problem to be solved is not a passing and temporary one. The burdens of the war in the shape of service of the war debt and the expense of repair of war damage and compensation for injury to persons and

property will continue to be felt for a long period. If the peace settlement should result in the general lowering of the tariffs to which the late Prime Minister more than once alluded, the revenue derived from tariffs will have to be provided in some other way. The raising of revenue by borrowing is neither tolerable nor practicable as a permanent peace-time method. The need to look ahead and make provision for the raising of revenues on an equitable plan is self-evident. It is therefore urged that the Chancellor of the Exchequer should now begin to make preparation for putting into operation at the earliest possible date a tax on land values. Among the specific reasons for this proposal are these:—

(a) The value of land is an entirely unearned value and is due to the activity of the community generally including particularly those activities which are paid for out of taxes and rates.

(b) A tax on land values will tend to reduce inequality of income whereas taxation upon commodities has the opposite effect.

(c) A tax on land values will prevent unused land from being held out of use waiting for a rise in price. It will make land become available for use more readily and on easier terms. This is especially important in the period after the war when there will be a great change-over from war industries to peace-time industries and no obstacle should be allowed to the employment of labour in building and industrial development.

(d) The existence of such a tax and of the valuation on which it must be based will be of assistance in the settlement of the amount of compensation which must be paid by the local authorities or by the Government in connection with the replanning and rebuilding schemes which will be necessary in the heavily bombed areas.

(e) The valuation would form the basis for a reform in the method of local taxation through the rating of site values—a proposal which has been supported by hundreds of local authorities and which admittedly offers the only possible alternative source of purely local revenue.

(f) Slums must be removed and garden cities built. A tax on site values will make it impossible for slum landlords to keep filthy dwellings in the midst of towns on valuable sites; they themselves will be

forced to put up modern up-to-date buildings. Equally, such a tax will keep down the purchase price of land needed for garden cities.

(g) The whole wealth of this country is, in the end, the product of its land and the labour of its people, or derived from exchanging that product for the products of other countries. There need be no unemployment and no enforced poverty arising therefrom if all the natural resources are put to their fullest and best use. The most far-reaching, effective and continuous method of assuring that land is fully utilized is to require payment of a tax on its site value, whether it is used or unused.

(h) If such a tax were imposed and increased at intervals the Exchequer would ultimately receive at least £500,000,000 a year. The unfair and uneven burden imposed by present modes of taxation could be correspondingly mitigated. Employment and production would be stimulated. The nation would be far better able to recover from the strain of the war and would be saved from the dangers of inflation and of depression of trade. For all these reasons it is submitted that provision should be made *NOW* for the imposition of such a tax so that it may be made effective next year.

We, the undersigned, regard the inclusion of this measure in the next Budget as of urgent National importance and we request you to receive a deputation to lay this policy before you.

As the Chancellor of the Exchequer was much engaged with the War Damage Bill the deputation, consisting of the Right Hon Josiah C. Wedgwood and Messrs. W. Glenvil Hall, R. R. Stokes and F. C. R. Douglas were received by Capt. Crookshank, the Financial Secretary to the Treasury, on 19th February. They put in considerable detail the arguments in favour of the policy outlined in the statement printed above and the reasons why it should be linked with plans for post-war reconstruction. Capt. Crookshank thereupon undertook to place the views of the deputation before the Chancellor of the Exchequer.

### WAR DAMAGE BILL

THE AMENDMENTS made while the Bill was passing through the House of Commons have removed some of its worst blemishes. As introduced the bill provided that where a "value payment" was made it should be divided between the persons having proprietary interests in the property in proportion to the value of their interests before the damage occurred, and this would have given part of the compensation for damage to the building to persons interested in the value of the land which would still remain undamaged. This has been amended to provide that the payment shall be apportioned in accordance with the diminution of value which each interest suffers by reason of the damage.

Efforts were made to secure the inclusion in the Bill of a provision for suspending the obligation to pay rent for damaged property if the damage rendered the building unusable or for reducing the rent payable in proportion to the damage if the building was partly usable. The argument was that the bill did not give compensation for loss of income but only for loss of capital value, and that it was unreasonable that one person should continue to claim rent from another whose income (or enjoyment) of the property was destroyed. The amendments were ruled to be outside the scope of the bill, but the Government has promised to consider bringing in another measure dealing with this and related matters.

### EVIL SHALL NOT PROSPER

(Extract from *A New Approach to the Old Testament*, by the Dean of Durham, published by G. Bell & Sons)

The denial of justice to the poor has always been a standing grievance in the East, and the prophets take their stand uncompromisingly by the side of the poor man, especially when, as so often happened, he was robbed of his land by his wealthy neighbours. Amos had put first among the iniquities of Israel that "they have sold the righteous for silver, and the needy for a pair of shoes," and Micah, Isaiah's contemporary in the Southern Kingdom, repeated the complaint, "They covet fields, and seize them; and houses, and take them away: and they oppress a man and his house, even a man and his heritage." The complaint is the same as that expressed by Goldsmith in the eighteenth century in England, in his poem "The Deserted Village":

Ill fares the land, to hastening ills a prey,  
Where wealth accumulates and men decay.

Isaiah denounces this social iniquity with equal vigour: "Woe unto them that join house to house, that lay field to field, till there be no room, and ye be made to dwell alone in the midst of the land. In mine ears saith the Lord of hosts, of a truth many houses shall be desolate, even great and fair, without inhabitant"—for Jehovah will not allow such evil deeds to prosper.

Those in authority have no regard either for justice or mercy: they "justify the wicked for a reward," rejecting "the law of the Lord of Hosts" and as guardians of Jehovah's vineyard they shamefully betray their trust: "It is ye that have eaten up the vineyard; the spoil of the poor is in your houses: what mean ye that ye crush my people, and grind the face of the poor? saith the Lord, the Lord of hosts."

It is to be noted that it is in the name of the Lord of hosts that all the prophets denounce these crimes, and from Him that they derive their standards of right conduct: He has the right to expect His people to conform to His standards: "for the vineyard of the Lord of hosts is the house of Israel, and the men of Judah his pleasant plant: and he looked for judgment, but behold, oppression; for righteousness, but behold a cry. . ."

The New South Wales *Standard* reports that *The Valuer*, official organ of the Commonwealth Institute of Valuers, issued quarterly, has reprinted in its October number the paper on Land Valuation in Denmark presented by Mr K. J. Kristensen, the Chief of the Danish Land Valuation Department, to the Conference in New York in September, 1939. This paper, price 3d., is one of the many published for that Conference by the International Union for Land Value Taxation and Free Trade and is obtainable from our offices.

### NADIR

Mad, with the stings of ages in its heart,  
This crazy world reels on its chosen way.  
Blind, it refuses sight, spurns common sense,  
Scorns the bright dream of Justice, nurses hate,  
Shrieks in its pain and rushes to its fate.

Prophets it has who vision what might be—  
Men who from Pisgah see the Promised Land—  
Yet fills with lust for vengeance all its soul,  
Hurls from its way those who would set it right,  
And cries to God to save it from its plight.

STEPHEN BELL.