

they can afford to pay in rent to the landowner and the noble earl was at pains to emphasise that low rents benefited neither the individuals nor the community. Previously he had spoken scathingly about the "immorality" of death duties and had endorsed the Federation's support for the Rating and Valuation Act. He agreed that farm houses and cottages should be valued separately and that the land, which after all, he said, was the farmer's raw material should continue to be derated.

It is the seeds, fertilisers and the like that are the farmer's "raw materials." Because they are products of labour they should not be taxed. By the same token farm houses, cottages and every other kind of building should be free from assessment. The farm land itself is no more a raw material than the site of a factory or a shop.

### ANXIOUS MINERS AND POSTMEN

**A**LTHOUGH today abundant employment opportunities exist in Britain and wages are high in terms of paper pounds even if not of goods, the scars left by pre-war mass unemployment are slow to heal. The political parties may declare themselves pledged to maintain so-called "full employment" but the working man has no great confidence in politicians' promises. He fears that pre-war conditions may return. At the weekend many may be only too happy to help a neighbour to repair his motor cycle or to lend their gardening tools but neighbourliness ends on Monday morning. At work fear holds many back from producing as much as they could and shows itself in a trucculent, dog-in-the-manger attempt to hug to themselves even distasteful work.

These reflections are prompted by press reports last month that miners at an area conference of their union in South Wales have expressed fears that too much coal is being mined, and that postal workers at their conference complained because, so it was alleged, football pool mail is being sorted by the pool promoters' staff on their premises, thus depriving postal workers of jobs and overtime.

Similar reports appear with a monotonous regularity. We deplore every kind of restraint on production and trade but unlike those who, according to their political affiliations lay the blame on the shoulders of either the trade associations or the trade unions, we look to and would remove the underlying cause of these fears in industry. Fear and "go-slow" tactics will continue until the land monopoly is broken and men are free to produce and exchange their products, and to reap the full rewards of their efforts.

### TWO TAX SYSTEMS CONTRASTED

**S**INCE 1916 municipal revenues in Johannesburg have been derived from a rate of land values. The circumstances in which the enabling legislation was introduced by the president of our International Union, JUSTICE F. A. W. LUCAS, Q.C., were recounted in his article "Justice and Social Reform" (L&L, April, 1957).

On April 10 the town clerk of Johannesburg, Mr. Brian Porter in a short statement published in the *Johannesburg Star* suggested that a local income tax should be imposed instead of, or in addition to, the land-value (or "assessment") rate.

Mr. Lucas replied as follows in *The Star*, April 16:

Income-tax is a kind of Robin Hood or Highwayman tax. The more one earns the more one must pay. It adds directly by the amount of the tax to the payer's cost of living and indirectly in increased interest charges and prices. There can be no moral justification for it.

Assessment rates, such as ours in Johannesburg on site value of land, have a moral basis. The value of land, as distinct from the improvements on it, is created and kept going by the presence and activities of the community. It is a direct gift from the public to the landowner without any effort on his part. Why should he be given that gift? Its value should be an asset of the town to be used for the necessary services of the town. What value would land in Eloff Street or in Rosebank have if there were no transport services or roads or water or electricity?

Apart from the arbitrary effect of rent control, a tax or rate on site value of land comes out of that value and does not add to the cost of living. It would mean that the landowner would have to surrender some of the rent he receives for letting somebody share in the free gift he is allowed by our law to have at the expense of the community. Such a rate really is part of the rental value of the land. When a tenant pays that rate he pays correspondingly less in rent. An increase in such a rate means that the owner of the community's free gift to him has to surrender more of it than before but, in any event, he never had a moral claim to any of it.

Mr. Porter trots out again the hoary old fallacy of 90,000 ratepayers paying taxes for our 1,000,000 people. Where do the 900,000 non-ratepayers live? Surely on the land owned by the 90,000 to whom they pay rent. If the assessment rate were abolished rent of land would be raised by the amount saved to the landowners in rates. Thus the 900,000 would have to pay as much as they do now in rent and rates and have also to pay the new impost, income-tax or whatever it may be.

Mr. Porter says: "There might be a ratepayer with a large family obliged to live in a large and therefore highly-rated property who found the rate a heavy additional expense." He there uses the ambiguous word "property." If he means by it a large house then there is nothing in his argument as buildings are not rated. If he means a large plot of land, what I have said above is the answer. An income-tax would increase his expenses; an increase in rates would not.

Our City Council has no justification for saying it cannot get sufficient revenue from rates. It can levy 7d. in the £ but levies only 5d. The Administrator on request, can authorise a higher rate still. It is the council's unnecessary consideration for the recipients of its free gift of the value of land that deprives it of the revenue it needs.

*Land & Liberty*