

LAND VALUE TAXATION AND RURAL AMENITIES

As announced in our June issue, a controversy has been taking place in the columns of the *Nation* on the Taxation of Land Values in relation to the preservation of rural amenities. The debate was opened by Professor G. M. Trevelyan, who argued that a straight tax on land values might lead to the defacement of the countryside by jerry-builders. He received some support in this contention from a few of the correspondents whose letters appeared in subsequent weeks, but his challenge was taken up by Messrs W. R. Lester, B. A. Levinson and A. W. Madsen. Professor Trevelyan replied to the discussion in a letter published on 28th June, and on the following week there appeared a leading article entitled "Saving the Countryside" giving the editorial view on the subject. Below we print extracts from some of the principal contributions made during the course of the discussion:—

Professor G. M. TREVELYAN (*Nation*, 31st May):

"What I fear is that the Liberal and Labour Parties, in their common zeal for the common principle of Land Taxation, may commit themselves beforehand to a particular scheme of Land Taxation, without considering its effect on Rural Amenities, and will then, as so often happens in politics, find it difficult to back out of a position taken up. It seems to me that a Land Taxation Bill can either greatly help or greatly hinder the cause of preservation of beauty, accordingly as it is drawn up. I am by no means an expert in these matters, and am asking information which possibly the *Nation* or some of its readers may be able to afford me. It appears to my ignorance that:—

"(1) If the rating of ground values is used in towns as a basis of rating in place of the present system of rating, rural amenities will in no way be affected.

"(2) Equally, little will rural amenities be affected if the new Land Tax is a tax on actually realized increment, whether in town or country.

"(3) But if an annual tax is levied on the selling value of all land in the country, the effect will be utterly disastrous to rural amenity, unless it is accompanied by a scheme of rural planning for the whole country. We all know cases of persons owning fields or woods along the roadside, or in places coveted by the jerry-builder, who are at present preserving them from his clutches, from a sense of duty to their neighbours and from love of beauty. If such persons are to be taxed annually on such land in accordance with its presumed selling value, they will be forced to sell and ribboning and rural destruction will be speeded up. Do we desire that? If not, why should we do it?

"The coming of the motor has revolutionized the situation since the days when Land Taxation was first pushed forward in progressive circles. Then the great object was to force people to sell their land for building. Now, in innumerable cases, the great object is to encourage people *not* to sell for building. If the State is going to interfere in the matter by a system of land taxation (as it is already interfering by income tax and death duties) then it is the duty of the State to decide which pieces of land it desires to have built upon and which not, and to tax accordingly in each case."

The Further Correspondence

Mr W. R. LESTER (7th June):—

"As things are we hear almost daily of beauty spots endangered by the jerry-builder, and of the efforts of local authorities to forestall him by acquiring these

places for the public in advance of his activities. The trouble now is that in very numerous cases the local authorities are held up by the high prices demanded, for under the present system owners of land which is unused are exempt from rates and taxes, and are thus encouraged to hold out for more than the true economic value of the land. The efforts of the authorities to acquire beauty spots are thus all too often frustrated. Under Land Value Taxation this situation would be greatly eased, for land would fall in price owing to the increased supply available all round, and local authorities or private associations would not be held up as they are now. It may be argued that in the process some beauty spots would disappear. That, with a growing population, may be inevitable under any system, but for one we might lose under Land Value Taxation we would be able to preserve scores which, under the present system, are passing over to the builder."

Mr A. W. MADSEN (14th June):—

"On the countryside, land is dear for all kinds of development. Even for labourers' cottages built under the subsidy Acts, the price of sites works out at an average of £180 per acre—for land previously rated at a mere song or at nothing at all. Surely the greatest amenity we could wish to see is the re-peopling of the country districts, which means much building, and with large gardens. The trouble to-day is that it costs such exorbitant sums to get the land to build the roads or to get land for any purpose. The 'ribbon development' that many deplore is the natural consequence, for there is nowhere else to place the houses needed for the growing population. There is only one frontage available, and that costs so much that the builder must crowd the houses together; and he is unable to embark on elegant construction because rates fall on the houses when occupied and there is a limit to what can be afforded in these ways out of the income of the ordinary man."

PROFESSOR G. M. TREVELYAN (28th June):—

"Surely if we are to have a general land tax, aimed at bringing land cheap into the building market, it must be accompanied by a general 'rural planning' of the whole country to enable the community to say which lands it desires to keep unbuilt for reasons of amenity, and lay its scheme of taxation accordingly. Until the State undertakes such a survey, already overdue, I submit that it would be monstrous to put heavy taxes on all land with a view to forcing owners of roadside fields and beauty-spots to sell to the builder. None of the letters which have appeared in the *Nation* seem to me to have put up any argument at all against that consideration."

Mr. B. A. LEVINSON (5th July):—

"Professor Trevelyan is unconvinced, but in his turn he is unconvincing. Why should it be 'monstrous' to set a great reform in operation (deriving the national revenue from a communal source of wealth in lieu of making each one of us a bondsman to the State for three months in the year or more) until a rural planning scheme is in force? What would the Professor's distinguished brother say to the argument that his education policy is 'monstrous' until assurance is given that his school buildings will satisfy aesthetic standards? Is it 'monstrous' to encourage development anywhere and anyhow, with the consequent extension of building, till that planning survey is done? It is 'monstrous' to suggest it."

Leading Article in the *Nation*, 5th July:—

"Liberals who advocated land taxation before have

now to adjust their minds to a changed situation. It seemed reasonable then to regard the landowner who would not sell part of his land as an obstructor of progress. Land was wanted for building and for farming, and the man who clung obstinately to 'undeveloped' land was marked out as a fit subject for penal taxation. The motor car and the motor bus have changed all that. It is clear that an annual tax on the selling value of all land would aggravate those evils which the Council for the Preservation of Rural England is teaching us to abhor. A tax on actually realized increment in the value of land would not have the smallest tendency to precipitate 'development' in the bad sense of the word; on the contrary, it would make the exploitation of the countryside less profitable, and would thus tend to discourage the speculator in bungalows. The first moral of Professor Trevelyan's argument is, therefore, that the proposed land tax should take the form of an unearned increment duty."

Mr W. R. LESTER (12th July) :—

"I earnestly hope the Government will not take your advice and limit its promise for the Taxation of Land Values to a mere duty on actually realized increment. Such an emasculated measure of Land Value Taxation would have no virtue whatever except that it might yield a modest revenue. It would do nothing to reduce the artificially swollen prices land now commands; nothing to make land more easily available on reasonable terms for small holdings or cottages; nothing to break the ring of land monopoly surrounding our towns; nothing to relieve unemployment. Take this Sussex village from which I write, a village typical of thousands. There is a shortage of cottages, but they are not forthcoming, and one of the main reasons is that not a foot of land along the road can be got at less than 50s. per foot frontage, or about £250 per acre. There are many vacant sites along the road, but they are only assessed at agricultural value and, since the De-rating Act, escape all contribution to the rates. What could an increment duty do to better this situation? But if rated at their selling value, these sites would be offered at a lower price, and the builder would have a fair chance of providing the needed cottages along with all that would mean in employment."

Dr Percy McDougall in the *Manchester Guardian*, 28th June: "The hard-faced big-business men of the United States and of Australia have gone to excess in their appetite for tariffs by which they may grow richer by the invasion of the rights of consumers and of the workers generally. The peoples must rouse themselves and think and speak, and not allow themselves to be carried away by propaganda which promises to fasten upon them, in addition to an age-long land monopoly, a tariff monopoly which will depress their conditions in spite of all the advances of science, invention and education."

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POINTS TO BE ANSWERED

We refer elsewhere to the work which Mr Eric Jones, Assistant Secretary of the Liverpool League, has been doing as a newspaper correspondent. Within the last few months he has had upward of 60 or 70 letters in the Press. Much of this correspondence is in the form of a debate with people who have taken up the controversy with our co-worker. The following letter appearing recently in the *Liverpool Evening Express* is a specimen of this campaign work. Mr Jones addresses a number of questions to his opponent :—

(1) Is a "huge enterprise" one which supplies a huge demand of the people, and as such is it, or is it not, whilst "producing for profit," giving a necessary service to the people? If not, what is it doing?

(2) Is or is not the existence of these enterprises dependent on their efficiency, which lowers their prices, thus extending the demand for their products, which draws forth bigger supplies, and in what way is labour as an aggregate any the less required by such operations?

(3) If it is a plain fact that a landlord "can always transfer a tax burden on to his underlings," why are the landowners of this country so alarmed at the prospect of land value taxation, and how is it that in Sydney, Brisbane and other cities, and in Denmark, that the amount of the land value tax imposed has not been transferred on to "underlings"?

(4) By what exact process would a tax on land values lead to an increase in bank interest and an increase in the price of agricultural produce?

(5) Is production the making and exchanging of commodities from and on land? If not, what is it?

(6) If a sufficient tax is placed on to the value of all privately-owned land, increased until it equals all the rent of land, and taxes equivalently taken off production and consumers, will it decrease the supply of land available, or will it increase it by bringing idle areas on to the market? If the former, why and how? If the latter, will not the effect be that land will become cheaper, both used and unused; i.e., will not rents become lower, and will that not mean that the tax has not been transferred? If not, what precisely will the effect be and how?

(7) If land is cheap and taxes on industry are gradually abolished, will not land of all descriptions be taken up for the purpose of production, and is not that equivalent to saying that more labour will be employed and the supply of goods increased? If so, what can stop that process absorbing the unemployed workers and "small capitalists," lowering the prices of goods and raising wages?

(8) What exact method could the big banks use to prevent the foregoing outlined effects of the taxation of land values?

The *Keighley News* of 28th June gave prominence to Mr Fred Skirrow as a veteran campaigner for land value taxation, reprinting the article which appeared, with Mr Skirrow's photograph, in our issue of last month.

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A Way Towards Peace is the title of a new illustrated booklet published by that untiring propagandist, Mr G. A. Goodwin, C.M.G., of Prestatyn. Copies may be obtained from our offices, price one penny (post free).

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A new publication issued by the Henry George Foundation of America is entitled the *Economics of Moses*. The author is Mr C. J. Ewing. He argues that the primary and basic economic principle of Moses was that of justice, and proceeds to substantiate his point by drawing inductions from the life and teaching of the prophet.