

GREATER LONDON'S DEVELOPMENT

How Better Communications Increase Land Value

The Secretary of the United Committee for the Taxation of Land Values has addressed the following letter to the management of the London Underground Railways. The letter was communicated to the Press and appeared in the London STAR of 28th November:—

"SIR,

"The United Committee for the Taxation of Land Values have had their attention directed to the poster you are now displaying on the Underground stations, in the following terms:—

"GREATER LONDON'S DEVELOPMENT

"Before the Underground drove its railways out to Golder's Green there was nothing but green fields. Now there is a considerable town and a busy population. New values have been created which stand to the credit of the Underground, though others keep the cash."

"This poster carries to the public a vital economic truth and it applies to all industrial development; it by no means stops at the Underground. It is the case, however, that railway extensions afford about the best example going of how 'the cash' is lifted by the 'others' who have taken no act nor part in the improvement. It is a simple enough proposition. The railway companies do not get the 'new values'; neither does the public, though your poster is not as clear as it might be on the point. The question arises who gets the 'cash'? Here is an opinion on the question which you may have overlooked. It should meet with understanding at your publicity department.

"THE TIMES, of 23rd September, 1921, in a biography of the late Sir Ernest Cassel, said:—

"For some time before 1900, when the Central London Railway was opened, he had been much occupied with the plans for that line, which, though not absolutely the first of the London underground electric railways, was the first really effective one; it became known as the "Twopenny Tube." Though a great boon to London, it was not a source of much profit to its original promoters. Cassel himself remarked some time after the opening that it was evident that the best way to have made money would have been not to build it, but to let someone else do so and to buy land at its western terminal."

"Yet another of the same, which tells in plain language and bluntly enough who got the cash at your Golder's Green end. A Land Company advertisement in the daily Press of 22nd July, 1912, contained the following statement, which you will observe gives you full credit for doing the job and doing it well:—

"Immense profits have been made from the remarkable rise in freehold values at Golder's Green. Land is to-day worth ten times the price paid a few years ago. The great increase is due to the wonderful natural advantages of Golder's Green as a residential district and to its close proximity to the heart of London. High, healthy, and sunny; on the "Underground" it is only 15 minutes from Charing Cross, and there are over 300 trains daily."

"The gentlemen responsible for this newspaper advertisement would seem when drafting it to have been under the impression that their land company had placed Charing Cross where it is and put it at the disposal of the Underground for the benefit of the people that the new train service could carry to Golder's Green. But all that was meant was a mere announcement that they owned the building land and that it could be had at 'ten times the price paid a few years ago.'

"It is argued by some people that the workmen get special advantages in the workman's train service which the railways provide. Not much, as witness the opinion of Mr. Gooday, General Manager of the G.E.R., giving evidence before the House of Commons Select Committee on Workmen's Trains, on 20th July, 1904. He said:—

"He has cases where guards, signalmen and others had complained that their rents had been largely increased owing to the demand created by the increased train facilities, and in consequence appealed to the Company for increased wages. The increase in rents in Walthamstow had been most noticeable after the all-night service had been put on."

"One more witness to the truth. Sir George Gibb, presiding at a meeting of the Metropolitan Railway, February, 1909, referred to a statement contained in a recent report of the London Traffic Branch of the Board of Trade that 'one of the effects of a reduction in fares is to raise the value of land.'

"The Underground has done well in advertising this glaring scandal of how private and public enterprise engages in these great schemes while other persons are permitted by law and custom to collect, in cash, the full economic advantage of the improvement, leaving nothing to the companies, the workers concerned, nor to the travelling public who use the service."

"My Committee would like to direct your attention to the recognised cure for this anomalous condition. Land value, apart from the value of improvements, is a public value growing as population grows, as industry develops and as public services are equipped and maintained. That being so, the remedy is the taxation of land values, correspondingly relieving industry and industrial earnings of the burden of taxation now at breaking point."

"The facts are that the railway companies at great cost make suburban land accessible. Population is attracted and flows out to the newly-developed districts and the certain result is an enormous increase in the value of the land. It is inevitable and justice demands that this new source of income should be taken for public purposes, so that the burden of existing taxation may be lessened, if not altogether removed. This is the only way to do justice to the promoters of the new development and at the same time to meet the just claims of the public at large."

"If this principle commends itself to your Company, may we recall the Prime Minister's former readiness to put it into operation? When leading the agitation in pre-war days he said:—

"We do not want to tax industry; we do not want to tax enterprise; we do not want to tax commerce. What shall we tax? We will tax the man who is getting something he never earned, that he never produced, and that by no law of justice and fairness ought ever to belong to him."

"And again:—

"We are of opinion that a national system of valuation for local taxation must be set up, a system which is fair and more equitable and more impartial between classes and localities than the present. We (the Government, 1914) propose that this valuation should be the valuation on the assessment of the real value of the property, separating the site from the improvements. . . . We do intend that the taxation of site values shall henceforth form an integral part of the system of local taxation."

"Here is a text for another of your excellent educational posters. The Premier got right down to the bottom of the iniquity and having got that length reached out to the remedy. He should be reminded of his bold advocacy. My Committee will be happy to provide you with further similar illustrations and arguments which go to prove the truth of your contention that the Underground does

not get all that the traffic bears. As Mr. Lloyd George has said: 'Somebody is getting something that he never earned,' and therefore somebody is losing something that is his.'

"Yours faithfully,
" (Signed) JOHN PAUL."