

## CHAPTER IV.

### HOW MAY THE RIGHTS OF THE COMMUNITY BE RE-ASSERTED AND SECURED ?

**140** WE have already in Book I., Chapter V., Section iii., given the answer to this question in brief. The problem to be solved may be re-stated thus :—

Statement of  
the problem  
with regard to  
land.

Recognizing the truth and justice of the theory that the land belongs to the whole community, and that every member of it has an equal right to share in its usufruct, and that it is practically impossible and unadvisable for every one to occupy what might be considered his own equal portion of the land, how then may the land be permitted to be occupied and cultivated by some only to the exclusion of others, without infringing the equal rights of those others ?

**141** The answer to this, which seems to be simplest and best, is :—By requiring those who are permitted to occupy or cultivate the land to pay to the community a full equivalent for the special privileges which they thus enjoy ; that is, in effect, requiring landholders to pay rent to the community for the possession of their land.

The answer  
to the problem.

**142** This, then, gives us the answer we seek, viz. : The rights of the community may be reasserted and secured through the appropria-

The answer  
to the question  
of Chapter IV.

tion of ground rents by taxation, and applying the proceeds for the benefit of the whole community.

Why the community must appropriate the *full* rental value from the landholders.

**143** In this way every individual in the community would be in effect a landowner, and would receive an equal share in the usufruct of the land. The amount which each landholder should be called on to pay would be the *full rental value* of the land which he occupied, so that no one by underletting would be able to obtain more as rental from the sub-tenant than the landlord would be required to pay over to the community ; and likewise, no one, in transferring his occupation of the land to another, could obtain any payment as selling value for the bare land, because the selling value of all land (of course not including improvements) would be, in effect, wholly destroyed. No one would give anything as purchase-money for land from which he was not to be permitted to obtain any rental that he could appropriate to himself. There would, in fact, be no advantage to anyone in holding land, except for its actual use in cultivation, or in sites for houses, buildings, etc., the whole of its rental value being taken by the community, and its selling value being totally done away with. It is obvious that if the community should take a part only, and not the whole of the rental value, then the landlord would retain for himself the remaining portion of the rent, and as long as that was permitted to continue, the land would also continue to have some selling value, though diminished in amount in proportion.

The practical problem of the tax-assessor.

**144** Here, then, the question arises, *how shall the tax assessor know what is the full rental value of any piece of land?* This could be



approximately ascertained, for any individual piece of land, by a comparison with the rental value of all other land in its immediate neighbourhood, and similarly situated. This would, in practice, become a very simple matter, as it would be the interest of every landowner to see that he was fairly assessed, in comparison with his neighbours. But suppose the whole of a considerable district, under the same assessor, should be under-assessed, so that no discrepancy or unfairness is revealed by a comparison of the assessments of its landowners one with another, and we will suppose, also, that by a tacit conspiracy on the part of the landowners, the assessor is prevented from perceiving and demonstrating the fact that they are being permitted to appropriate and retain for themselves some portion of the rental value due to the community. How, in that case, can an honest assessor, or an aggrieved member of the community, proceed to uncover the wrong, and obtain the remedy?

**145** An error, in this case, would be detected and exposed by observing the selling price of any piece of land with its improvements anywhere within the assessor's district, either when sold by private contract, or when it chanced to be put up for sale by public auction. The values of houses, stables, barns, fences, walls, warehouses, etc., in similar situations do not vary much all over the country, and can be precisely ascertained in any individual instance by learning or estimating the exact cost of construction, as valuers now are accustomed to do. If, then, it is found that on selling an improved piece of land by auction, the price obtained is in excess of the value of the mere improvements, it

How to detect an error in the assessment.

is clear that the excess is due to the selling value of the bare land, and is an exact measure of that selling value. The assessor, noting and estimating the amount of this excess, can, by a simple calculation, determine by how much the rental value paid to the community falls short of that which is the full and true rental value.

How to rectify it.

**146** For example, suppose a parcel of land, when thus sold, is found to have a selling value of £1,000, and the current rate of interest being, say, 5 per cent., it shews that the investor expects, by his purchase, to realize as much as £50 per annum, or else he would prefer to invest his money in some other way. The assessor, privately noting this, would then infer that the rental value of the land had been previously under-assessed to the amount of £50 per annum, and, if the results of his observations in a number of similar instances shewed him that this was not an exceptional, but a typical case, he would, in due course, make the correction accordingly, and the selling value would be at once destroyed as regards the future. He would, at the same time, raise the assessment of every other parcel of land in his district in the same proportion.

An objection answered.

**147** It will be objected that any intending purchaser foreseeing this action on the part of the assessor, would be careful not to offer any sum which could be reckoned as partly a price for the selling value of land, and that therefore the test would fail in application. As, however, transfers of land, either by public or private sale, would be constantly going on, if purchasers were in their own minds convinced that the land really had a selling value, they would not be deterred, when competing with each other, from



offering the full value according to the then existing assessment, and running the risk, along with every other landowner in the same district, of having the assessment raised all round, up to the true rental value.

**148** If in any district the assessment should be placed *higher* than the true rental value, so as to be, in fact, in part a tax upon improvements in addition, this error would reveal itself in causing purchasers to be unwilling to give full market value for the improvements upon the land, and the assessor would then be appealed to to reduce the assessment all round.

A self-adjusting system.

We should thus have a self-adjusting system which would always enable all the parties concerned to satisfy themselves with sufficient accuracy as to the amount of the true rental value.

**149** There is yet another point to be here noticed. Supposing it to be true that the full rental value of the land can be accurately and justly estimated and collected from the landlords, what is to hinder the landlord from reimbursing himself by imposing upon his tenants as additional rent for his improvements a part or even the full amount of the rental value taken from him by the community? The answer is, that the land value tax is a direct tax, falling on the landlords, and which could not in any way be shifted by them on to their tenants. For, in the first place, if it were possible for landlords to impose any increased rental, it is quite certain they would do so now. They are not withheld by any philanthropic scruples from charging the utmost they can obtain, and if a land value tax were imposed on them, it would not give them

Why the landlord could not shift the tax on to the tenant.

any additional power to do so. In the next place, observe that land differs from houses and other products of labour, in that the supply of it is constant ; it can neither be diminished nor increased. If a tax be put on houses, the building of houses is for a time discouraged and diminished in consequence, until the rent of houses has increased sufficiently to enable the houseowner to obtain the same return on his outlay as before. But if a tax be put on the value of land, the supply of land cannot be affected thereby, and therefore no scarcity arises to enable the landlord to obtain an increase of rent. Thus he cannot shift the tax on to the tenant, but the burden remains on his own shoulders, where it properly belongs.

The successful working of the plan demonstrated.

**150** We have thus demonstrated the successful working of the plan proposed, if put into actual practice, so far as the collection of the rental value from the landlords by the community is concerned.