

A House of Governors.

A proposition for an American House of Governors, which has had fitful consideration in the press during the past year, deserves more widespread and careful consideration. The proposition is submitted considerably and reflectively in a pamphlet by William George Jordan, of 172 W. 81st street, New York, whose declared object is "to promote uniform legislation on vital questions to conserve State rights, to lessen centralization, to secure a fuller, freer voice of the people and to make a stronger nation." Briefly stated, the plan is to establish an annual conference of the Governors of all the States, in a parliament without law-making power, but with advisory standing. Such a body would doubtless be of incalculable use at a time like this, when all our governmental machinery tends to accelerate the tendency toward centralization. Uniformity of State action on continental questions, which would doubtless be one of the results of the House of Governors suggested by Mr. Jordan, would be infinitely better than imperial legislation by Congress and the Federal Supreme Court, and imperial administration by a Federal Executive.



Birmingham as a Landlord.

The relation of landlord and tenant is common in England. The tenant and his hired men, in town and city and country, do the work of England, and a few owners of Albion's acres charge them for the privilege. And as England grows and prospers, so grows the landlord's price for working in England. Enormous increases of the value of land in London and other British cities may be noted even by the most careless observers. Nearly a quarter of a century ago, the thought came to Joseph Chamberlain, then Mayor of Birmingham, that this increase in value of the natural site of the town might better go to the town than to private landlords; so he set about turning Birmingham into a landlord (p. 465). If you read on you will see that he actually did it, and what has come of it.



In the center of the town there was a vile slum, covering some fifty acres of area. Chamberlain's idea contemplated the redemption of this area, not only from the vice that festered there but from the landlords who were fattening their pockets with the profits of vice, and would fatten them even more if the town transformed this area of vice into an area of business. With much difficulty he succeeded in securing purchase rights at

a total cost of about \$8,500,000, and proceeded to clear the slums of their shacks and their foulness. Of the 50 acres, 4½ were set aside for widening streets, and 4½ for open spaces; and on the remaining land—about 41 acres,—the finest buildings of Birmingham have been erected. This began twenty-five years ago. At first the business interests wanted to buy the land, but Chamberlain wouldn't hear to that. He was determined to make Birmingham the landlord of this site. Then the business interests urged 100-year ground leases. But Chamberlain wouldn't hear to that either. He demanded 50-year ground leases. At last this dispute was compromised on 75-year leases. The leases provide that the improvements must be maintained in first rate usable condition until the end of the term of 75 years, and that they shall then come over to the town along with the sites. Today, therefore, the city of Birmingham is the landlord of that site, it is covered with some of the best business buildings in England, and the most profitable business of the town is carried on there. The ground rentals are paying interest on all outstanding obligations, and steadily providing for the original cost, so that there will be no debt when the leases fall in; and in addition the buildings as well as the site will belong to the city, while the site will have increased enormously in value.



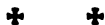
In the latest Birmingham "blue book"—the "blue book" of 1907-08—the present financial status of this experiment in the socialization of city land values is presented in interesting detail. We append the principal data, turning pounds sterling into dollars at the rate of \$5 to the £1:

Expenditure	\$8,660,195
Redemption fund	2,171,920
Balance due in 50 years	\$6,488,275

Average redemption required per year for	
75 years	\$ 115,336
Yearly average income put into redemption fund to March 31, 1907	82,095
Income put into redemption fund for year ending March 31, 1908	119,570

It will be observed that for the period down to nearly two years ago the average net income turned over to redemption of the purchase price paid by the city was only \$82,095, being \$33,241 less per year than the pro rata of purchase price; but the income is rising with the lapse of time, and so rapidly that in the year 1907-08, the net income for redemption purposes was up to \$119,570—\$4,234 in excess of the pro rata share of purchase price chargeable to that year. As the income con-

tinues to rise, it is exceedingly conservative to estimate that the redemption fund—the net profit of ground rents—will more than pay off the purchase price, and leave Birmingham in possession of 41 acres of highly valuable land covered with excellent buildings. But for Mr. Chamberlain's forethought, all this advantage would have been reaped, without merit, by private landlords. As it is, the benefit goes to the city of Birmingham.



Land Value Taxation in Great Britain,

There is great encouragement in the speech last week of the Prime Minister of Great Britain, Mr. Asquith. This speech tends to confirm the best informed opinion of several months ago regarding the Liberal policy, that it is the intention of the Ministry to make up the fiscal deficit by imposing taxes directly upon land values—not merely by a separate land values bill, but in the fiscal budget itself,—and to go to the country on that issue if necessary.



The feasibility and the advisability of this course is ably presented in a series of editorially-indorsed articles by the London Daily Chronicle. The significant character of these articles may be inferred from this quotation from that of November 25:

Land value is the great reservoir of national wealth capable of almost indefinite expansion with the progress of industry, commerce, and invention. To this ample reservoir the Chancellor of the Exchequer may resort with confidence. We think that we can show that such a land tax as we have in view is:—

- (1) Economically just,
- (2) Administratively possible*of early enforcement,
- (3) Politically expedient,

and from an industrial standpoint will be the means of increasing the Nation's wealth as well as filling the coffers of the treasury. The tax is one which will involve the least sacrifice of any which could be imposed, and it will enable the government to effect land reform without being frustrated by the House of Lords, which has always protected the landed interests.



The same article then goes on to explain that the history of taxation in England—

has been a never ending struggle on the part of the landholders to escape their fair share of national burdens. The time has come when they can no longer stop the way. The new era of social legislation—old-age pensions, invalidity insurance, small holdings, etc.—makes its imperative that a new source of taxation must be found in the near future. There are difficulties in the way, as we shall see, but they are not insurmountable. A courageous Chancellor of the Exchequer, with an overwhelming

majority behind him and supported by public opinion, can overcome them. The present land tax is the one tax which has been held sacred. It has not changed in amount, but it has in incidence. In comparison with other taxes it has enormously decreased. It was imposed by William III. in 1692. But it was not wholly a land tax, as the charge was computed in respect of other property as well. It continued to be levied, at rates varying from two to four shillings in the pound, until 1798, when Pitt converted it into a permanent charge of four shillings in the pound upon the original (1692) valuation of about nine millions (annual value). For over 200 years this tax has been levied on the same valuation! No increases of value, however great, have ever been taken into account, but the fact has been disguised from the taxpayer, as far as possible, by raising the quota for each district (fixed by the 1692 valuation) according to the current valuation—the effect being to reduce the poundage in varying degrees, sometimes to less than a farthing in the pound.



Pursuing its argument for putting the increased land tax into the budget, the Chronicle makes an estimate of its possibilities for revenue, the details of which we tabulate in dollars at \$5 to £1:

Ratable value of agricultural land.....	\$118,500,000
Rateable value of all other real estate	\$ 916,500,000
Add 20 per cent for undervaluation	183,300,000
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Total	\$1,099,800,000
Deduct value of buildings, etc., two-thirds	733,200,000
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Giving a land value of, say.....	366,600,000
Add vacant land not assessed.....	25,000,000
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Total net annual value.....	\$510,100,000

After making some further allowances, the Chronicle estimates a total annual land value for England of \$900,000,000. To this the annual land values of Scotland and Ireland, estimated respectively at \$105,000,000 and \$72,500,000 are added, making a total of \$1,077,500,000—a capital value, with interest at 4 per cent, or a 25-years' purchase, of \$26,937,500,000. On this amount, a penny of tax to the pound of capital value, which is only 4 mills to the dollar, would yield \$107,750,000 a year.



Even then, as the Chronicle says, the British landlords would pay less than the least burdened landlords in Europe. It would certainly be less than is paid even by the most favored landowners of the United States. With this source of revenue available and falling almost altogether upon the House of Lords, it would be surprising indeed were Mr. Asquith to allow the Lords to put his party at a disadvantage at the next elections, by holding it responsible for an empty treasury.