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# LIGHT ON THE LAND QUESTION

THE STORY OF AN IDEA

A FRANK INQUIRY INTO  
THE LAND VALUE  
POLICY BY A MAN  
IN THE STREET.  
WHAT WOULD  
IT DO

?

*Property of  
Henry George School  
of Social Science*

THE UNITED COMMITTEE FOR THE TAXATION  
OF LAND VALUES, LTD., 11, TOTHILL STREET,  
LONDON, S.W.1

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*For me kind Nature wakes her genial power,  
Suckles each herb, and spreads out every flower;  
Annual for me, the grape, the rose renew,  
The juice nectareous, and the balmy dew;  
For me, the mine a thousand treasures brings;  
For me, health gushes from a thousand springs;  
Seas roll to waft me, suns to light me rise;  
My footstool earth, my canopy the skies.*

POPE.

## CHAPTER I

### AMONG THE ENTHUSIASTS

THEY told me that they wanted a fresh mind on it. Standing in a room in Westminster, amid pamphlets dealing with the taxation of land values from every conceivable angle, they said that they wanted yet another pamphlet.

They wanted the point of view of the Man in the Street.

I told them that I would write something if I had a free hand to say what I liked. The Man in the Street is usually frank. He has no consideration for the feelings of the political enthusiast whom he interrupts from the back of the hall. So I told these enthusiasts that I could write only in the spirit of the interrupter.

I explained that I knew little of their idea except that it had attracted public attention. "So much the better!" they declared. "Take all the literature you want—" (this with a wave of the arm towards the stocks of pamphlets) "and then write of how the idea affects you, of how—as the Americans are so fond of saying—you react to it." They seemed to think I should have an entertaining adventure.

After accepting their suggestion with some diffidence, I strolled about the office—that of the United Committee for the Taxation of Land Values—and glanced more or less curiously from one thing to another.

It was obviously a place under the control of one idea. It sprang at you from every wall, from every shelf, and from every table. There was no escape from it.

This put me on the defensive. I like an idea to approach me quietly and with respect. I dislike being rushed.

So I removed some pamphlets from an arm-chair, and sat down.

But still there was no escape. My eye was immediately attracted to a quotation hanging over the mantelpiece. The words did more than put me on the defensive. They made me suspicious at once of the whole idea. They nearly caused me to back out of the task I had undertaken. They irritated and annoyed me.

## Light on the Land Question

This was the quotation :—

"The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends—those who will toil for it; suffer for it; if need be, die for it."

Die for it!

I have always—and more particularly since the war—been suspicious of ideas for which one is invited to die. In France and Flanders many of us, on both sides of the line, found ourselves discussing such ideas somewhat sceptically.

I turned to one of the enthusiasts in the room and asked, with some asperity, if anyone had died for this idea of the taxation of land values.

It appeared that the writer of the leading book on the subject—a book they pressed me to read—might be said to have given his life for the idea. It appeared, too, that many men had made big sacrifices in their devotion to what they considered to be a great ethical truth and the key to social justice.

I learnt also that many had given financial help with the same object. Every year a considerable sum is subscribed voluntarily to the Westminster organization in donations of various amounts from a large number of supporters.

What interested me even more was that not long ago a generous enthusiast established a separate Trust Fund to be administered over a term of years but to be used entirely for circulating the standard books of the movement and publishing new literature.

It was clear that a good many people were prepared to spend money on maintaining the vitality of the idea.

What did that mean?

Was this a genuine, non-party, educational movement, aiming at the general good in the propagation of a great idea amounting almost to a religion, or was there some sinister partisan motive behind it?

There was nothing sinister-looking in the people around me, and I was quite prepared to believe that the movement was non-party, but for some time I had difficulty in agreeing that a naturally great idea is incapable of making its way without the aid of money.

Like other men in the street, I am always suspicious of ideas with any money behind them.

In this case, however, I soon found there was no need for any

## Among the Enthusiasts

feeling of the kind. The evidence of self-sacrificing devotion was overwhelming.

But another doubt occurred to me as I glanced again at the framed quotation above the mantelpiece and the piles of pamphlets by which I was surrounded.

They were tied up in bundles and labelled. They had a surprising variety. I noticed :—

*Certain Way to World Peace,*  
*The Labour Question,*  
*The Crime of Poverty,*  
*Thou Shalt not Steal,*  
*Unemployment and the Land,*  
*The Beneficence of Natural Law,*  
*Land Value Taxation in Practice,*  
*The New Political Economy,*  
*Short Studies in Bible Land Laws,*  
*Municipal Agitation for Land Value Rating,*  
*Economic Causes of War,*  
*Housing and the Land Monopoly,*  
*True Free Trade,*  
*Agriculture and Land Value Taxation,*

and many others.

Apparently this idea was a remedy for all the greater troubles of the world—international strife, unemployment, bad housing conditions, and all the rest of them—to say nothing of the hard struggle most of us have in trying to make ends meet. Apparently, too, this engaging remedy would enable us to get rid of the rates and taxes that industry now has to bear.

I looked with renewed uneasiness at the enthusiast standing by my side.

Was it possible that I had strayed into a haunt of fanatics? Was I among the victims of a fixed belief, the sufferers from an incurable obsession?

The enthusiast went on talking, and I found myself listening with interest to his remarkably clear views on the idea of which I was doubtful. There was nothing in what he said to suggest that he was suffering from an obsession.

Then another enthusiast, the author of a number of pamphlets, came in. He, too, spoke with the same clarity and without any trace of fanaticism.

In the end, after a long talk that attracted me against my will, I decided to look into this idea and so took away all the books and pamphlets I could carry.

I found myself becoming as interested in the man as in the idea. I wanted to know what sort of man this was who had become recognized as a prophet by millions of people all over the world.

Printer's apprentice, then cabin boy at sea, printer again, unsuccessful gold-seeker in California and British Columbia, printer for the third time, author, lecturer, he became finally a platform campaigner and world traveller fired by the single ambition of spreading the idea that dominated him.

Why?

Was *Progress and Poverty* written primarily for gain?

Clearly not. No man could have supposed that so long a book on so "dry" a subject would eventually have a sale of 3,000,000 copies. In fact, he made little money out of it; he was always a comparatively poor man.

Why, then, did he write it?

It seemed to me that if I could find the answer to this question I should know much more of the kind of man he was and be in a better position to judge the merits of his idea.

In the final chapter I found the answer to my question:—

"I have in this inquiry followed the course of my own thought. When, in mind, I set out on it I had no theory to support, no conclusion to prove. Only, when I first realized the squalid misery of a great city, it appalled and tormented me, and would not let me rest, for thinking of what caused it and how it could be cured."

Turning back to the previous chapter my eye caught this forcible indictment of land monopoly:—

"In allowing one man to own the land on which and from which other men must live, we have made them his bondsmen in a degree which increases as material progress goes on.

"This is the subtle alchemy that in ways they do not realize is extracting from the masses in every civilized country the fruits of their weary toil; that is instituting a harder and more hopeless slavery in place of that which has been destroyed; that is bringing political despotism out of political freedom and must soon transmute democratic institutions into anarchy.

"It is this that turns the blessings of material progress into a curse. It is this that crowds human beings into noisome cellars and squalid tenement houses; that fills prisons and brothels; that goads men with want and consumes them with greed; that robs women of the grace and beauty of perfect womanhood; that takes from little children the joy and innocence of life's morning."

You see how persuasively he writes and with what skill he breathes life into words!

Manifestly, Henry George was no dry political economist with a distrust of everything into which sentiment enters. He was evidently a passionate, warm-hearted man devoted to the cause of human progress.

It was not surprising to find that Henry George himself may be said to have died for his idea.

He stood—for the second time in his life—as candidate for the office of Mayor of New York. His doctor hastened to warn him of the danger of the strain of fighting the campaign. He was then only convalescent from an illness, and was frankly told that the exertion would prove fatal. The fight was to last three weeks, but he died on 28th October, 1897, five days before the election. In the words of his biographer:—

"He had made his fight the theatre of the world, and messages poured in not merely from neighbouring cities and all parts of the nation, but from Great Britain, France, Germany, and Denmark, from Africa, Australia, Japan, and China, to lay garlands of tribute on his bier. To the watching world he had fought the greatest of battles and won the supremest of victories. He had risked and met death to proclaim justice."

While respecting such devotion, I had difficulty in believing that the appeal to equity which appeared to be the guiding principle in Henry George's teaching could form a scientific basis of political economy.

## CHAPTER III

### THE IDEA

**I**T is time we came to the idea itself.

Fortunately, it is a simple one. It is this—*ALL MEN HAVE EQUAL RIGHT TO THE USE OF LAND.*

On that simple basic idea is founded the whole theory of the taxation of land values which reaches its climax in the single tax.

I was anxious to see how Henry George and his followers would justify the contention that private ownership of land is an outrage which cannot be defended.

Having recently bought a small piece of land and gone through all the complicated legal procedure which gives me the title to it, I had a personal as well as general interest. Standing on my half-acre I felt even less inclined to die for an idea which would practically destroy my claim to ownership.

So I read on eagerly to see on what grounds Henry George would dispute my claim.

I was not kept long in suspense. I soon came on a sentence which put his point of view in a nutshell. It was this:—

“The equal right of all men to the use of land is as clear as their equal right to breathe the air.”

No argument could be simpler. No one disputes the equal right to breathe the air. Every baby born into the world inhales it at once as a free gift. Why should that baby have no similar title to his foothold on this planet? Why should he enter the world as a trespasser?

That seems to me a fair summary of the Henry George case. He goes on to say:—

“The recognition of individual proprietorship of land is the denial of the natural rights of other individuals. It is a wrong which must show itself in the inequitable division of wealth. For as labour cannot produce without the use of land, the denial of the

## The Idea

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equal right to the use of land is necessarily the denial of the right of labour to its own produce.

“If one man can command the land upon which others must labour, he can appropriate the produce of their labour as the price of his permission to labour. The fundamental law of nature—that her enjoyment by man shall be consequent upon his exertion—is thus violated. The one receives without producing; the others produce without receiving.”

As I read on I found that if I could show that I had done anything to produce my half-acre I could satisfy even Henry George of my title to it. If by my own labour I had added half an acre to this planet he would not dispute my right to claim it as my own.

Indeed, he would stand by me in any legal fight and lend me the whole weight of his eloquence to prove that what I had produced by my own hands or brains, or what others had produced and I had paid them for—such as my house—belonged to me.

“Show me,” says Henry George in effect, “that you have produced the air, and I will grant you the exclusive right to breathe it, or sell it. Show me that you have produced half an acre of land, and I will grant you the exclusive right to put a fence round it and to charge your fellows whatever rent you can extort from them for the use of it.”

I found that he repeatedly emphasized what he regarded as the real and natural distinction between things that are the produce of labour and things that are the gratuitous offerings of nature.

He takes, for example, a house and the site on which it stands.

He insists that the essential character of a house is that it embodies labour. It is brought into being by human exertion. Its existence or non-existence depends on man.

On the other hand, the essential character of the site of the house is that it does not embody labour. It exists irrespective of human exertion and irrespective of man. The land is the field in which man finds himself—the storehouse from which his needs must be supplied, the raw material on which the exercise of his labour primarily depends.

“The rightfulness which attaches to individual property in the produce of labour implies,” he claims, “the wrongfulness of individual property in land.”

We will leave it at that and go on to the next aspect of the idea.

It is comparatively easy to decide that no one has any moral right to claim a piece of land as his own—but how can you attain

the ideal of all men having an equal right to the use of land and reconcile that "equal right" with the practical necessity of private possession and security of tenure?

I was anxious to see how Henry George proposed to get over this difficulty.

It soon appeared that there was a profound difference between Henry George's method of approaching the problem and any idea of dividing the land into equal pieces, or bringing about State ownership and control either by confiscation or purchase out of public funds.

It was clear that Henry George dismissed as useless and unreasonable the division of the land into equal pieces. He realized that the injustice would remain. For if in such a division I got a piece of land in Westminster, and you were allotted a piece of the same size on the Cumberland moors, *while the rent or value of land still went into private pockets*, I would have an enormous advantage over you.

I could live at ease without working. You could get no living from your land, but would be driven to find employment on other people's land where rents were charged. Clearly the equal division of the land of this country among 45,000,000 inhabitants, and the equal rights of all the people to all the land are two very different propositions.

I began to see why Henry George never tired of emphasizing the significance of economic rent and the part it plays in human affairs.

The purchase of the land from the owners—on the theory that they are entitled to compensation when common rights are established—he condemned in his most emphatic manner. He wrote:—

"Just in proportion as the interests of the landholders are conserved, just in that proportion must general interests and general rights be disregarded, and if landholders are to lose nothing of their special privileges, the people at large can gain nothing.

"To buy up individual property rights would merely be to give the landholders in another form a claim of the same kind and amount that their possession of land now gives them.

"It would be to raise for them by taxation the same proportion of the earnings of labour and capital that they are now entitled to appropriate in rent. There would not only be no relief, but the burden imposed on labour and capital for the benefit of the present landholders would be much increased.

"For one of the elements in the present market value of land is the expectation of the future increase of value, and thus to buy up the land at market rates and pay interest on the purchase money would be to saddle producers not only with the payment of actual rent but with the payment in full of speculative rent.

"The prospective increase in land values always makes the market price of land much greater than would be the price of anything else yielding the same present return. The State would virtually be taking a perpetual lease from the present landholders at a considerable advance in rent over what they are now receiving."

He was equally emphatic, I found, in condemning outright confiscation by simply declaring all land public property and letting it out to the highest bidders.

He insisted that this would involve "a needless shock to present customs and habits of thought" and "a needless extension of governmental machinery."

Moreover, he made it clear that any such plan would break down because of the impossibility of taking the land in this way without also taking all the buildings and improvements on it, and thus confiscating for the State what belongs to the individual and must be secured to him as his private property.

It was comforting to know that he was quite happy to leave me in undisputed possession of my house and a wooden shed that I took the trouble to put up the other day.

But it was with some uneasiness that I came to his plan for dealing with my half-acre on which the house and the shed stand.

I found that he proposed to make my small foothold on this planet, and the rest of the land of this country, into common property in a simpler, easier, and quieter way than by formally confiscating it and letting it out to the highest bidders. In what was obviously the core of his argument he wrote:—

"I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call their land. Let them continue to call it *their* land. Let them buy and sell and bequeath and devise it. We may safely leave them the shell if we take the kernel. *It is not necessary to confiscate land; it is only necessary to confiscate rent.*"

That is to say, he has no objection to my claiming as my own the half-acre for which I paid £500 as long as I admit that its annual value—the rent I could get for it apart from any improvements—



As I read on, I discovered a third aspect of his idea—the cheapening of land and indirectly of houses that would result from forcing more land into the market.

Finally I found a fourth—that any increase in the value of land brought about, say, by a new railway or the development of a town, would, as a matter of course, be assessed for taxation like the value of all land, whether falling or rising, and would be taken directly for the benefit of the community.

The whole idea, in its broad outline, was now before me. I was asked to believe that it would solve most, if not all, of our economic problems. Unemployment would vanish, real wages would rise, slums would give place to happy sunlit homes, poverty would disappear.

I was asked also to accept the principle that the State and the municipality would be justified in taking rent—the value of land—by taxation for the benefit of the community without compensating the owners.

At first the idea had given me a considerable shock; but by this time I began to realize what compensation there would be in the financial relief conferred on the land-user and on trade and industry by abolishing the taxes on capital and labour.

## CHAPTER IV

### SOMETHING IN IT?

THE more I looked into the idea, the more difficult it became to dismiss it.

It grew on me—against my will. I began to feel there might be something in it.

At first glance the merits of the scheme seemed to be exaggerated. Excessive claims appeared to be made for it. Henry George seemed to have been carried off his feet by his enthusiasm.

That was how I felt about him.

But when I had gone more closely into it, and thought of the condition of the country under the present system, I had less difficulty in believing that his picture of the transformation that could be brought about by land value taxation and the abolition of other taxes was as fanciful as it had at first appeared to me.

Here was a new light on the subject.

I thought of the slums, of the high cost of housing, of the great army of unemployed, of the smallholders who find it impossible to make ends meet because of the burden of rent and the poverty of would-be purchasers of farm produce—and then I thought of the great landowners who do no work but draw immense sums every year from land that has been given its value by the presence and activities of the community.

I thought of the high proportion of their small wages that the ordinary working men have to pay in rent and rates.

I thought of the speculators who actually buy land not to use but to hold up (that is, to prevent its use) till the public need for it becomes so urgent that the price soars high enough to tempt them to sell.

I thought of the money that local councils have to pay for land needed, say, for a public park; of the obstacle put in the way of railway or tube development by the fantastic sums demanded for land over which the lines must pass; of the burden on industry of crushing taxation.

Was it possible that these injustices and difficulties were due to the people having been robbed of their inheritance in the land?

I took up a leaflet entitled *Sheffield's Toll to Land Monopoly*, and found that it gave figures from an official report by the city council, issued in 1928, on the rating (local taxation) of land values.

They were certainly impressive. They revealed the glaring contrast between the rateable value of land under the existing system and the price that has to be paid for the same land when it is needed in the public interest.

Over 30 cases are given in the leaflet, but one will serve to illustrate what happens.

The council needed 14 acres on which only £4 10s. was being paid a year in rates, the annual rateable value being put at only £30. But when the council acquired the land in the public interest they had to pay £6,249 for it—or 208 times the annual rateable value.

Now, capital or selling value is seldom put at more than 20 times the annual value. Even if you put it at 30 times, the corresponding capital value or selling price of these 14 acres was only thirty times the rateable value—that is, £900.



How was the owner able to get £6,249 for land which, *judged by its rateable value*, was not worth more than £900?

The answer is simple.

Under the existing system land is not rated on its real selling value but on the *use* that is made of it. If *no* use is made of it, it is not rated at all.

These 14 acres in Sheffield were rated as agricultural land, and because the owner made *some* use of them—by cutting the grass or grazing stock on it—he was rated at £30 and had to pay £4 10s. a year. Thus he allowed it to be inferred that the capital or selling value was £900 at the most.

Actually, as it appeared when the city wanted to buy the land, its real value was far higher. For years the landowner was able to enjoy the privilege of paying a trivial sum in rates on very valuable land; and when the time came to sell, he was able to take further advantage of his position by getting a price about seven times greater than he was entitled to on the basis of the rateable value.

Under the existing system, therefore, the landowner is allowed to have it both ways.

I could not help agreeing that under such a system both the community and the citizen are treated unfairly. And I could not help agreeing also that the Derating Act, by making it easier to hold up land, has made the position worse. Under this Act (passed in 1929) the Sheffield landowner would not even have had to pay £4 10s. He would have paid nothing.

It was not difficult to agree that the holders of unused or under-used land should not be allowed to levy toll on a community when it needs to expand.

It was impossible to escape admitting the injustice of first robbing the community of rates that should be payable on such land, and then robbing them a second time by compelling them to pay a large sum for values that they had themselves created.

I was not surprised to find that hundreds of local councils in Great Britain had declared themselves in favour of the rating of land values and had asked time and again for legislation that would make it possible.

Neither was I surprised to find that Mr. Winston Churchill put the case against the land monopolist with his usual downrightness in the days when he was on the Radical platform.

In 1909, when he said bluntly to the land monopolist:—

“This property of yours might be put to immediate use with general advantage. It is at this minute saleable in the market at ten times the value at which it is rated. If you choose to keep it idle in the expectation of still further unearned increment, then at least you shall be taxed at the true selling value in the meanwhile.”

Twenty years ago—and still there is no tax on land values!

There are people who argue that it is unfair to single out unearned income in the form of rent from other sources of unearned or undeserved profit. Why penalize the landowner, they ask, when you allow a man to benefit from a rise in stocks and shares? When you leave to a doctor or a lawyer increased profits due to the growth of population, when you make no attempt to take the greater part of profit made on the sale of a picture that has grown in value by the passing of time?

I found that Mr. Churchill had supplied the answers to all these objections.

Pictures, he pointed out, did not lay a toll on anyone's labour; they did not touch enterprise or production at any point; they did not affect any of those creative processes on which the material well-being of millions depend.

As for stocks and shares, if a rise conferred profits on the fortunate holders far beyond what they expected or indeed deserved, nevertheless Mr. Churchill argued that profit had not been reaped by withholding from the community the land which it needs, but on the contrary, apart from mere gambling, it had been reaped by supplying industry with the capital without which it could not be carried on.

Very true—but it may perhaps be pointed out in passing that a large element of land value often enters into the stocks and shares with which Mr. Churchill was dealing. The companies whose “property” is thus bought and sold are mostly landowners enjoying the privilege of appropriating the rent that Henry George would divert to the community. Moreover their profits have to be considered in the light of the fact that there is a labour market to call upon in which wages are driven down by the all-embracing land monopoly. There is a real connection between the fortunes made on the Stock Exchange, the land monopoly, and the “over-supply” of workers seeking employment.

As for the doctor or lawyer who benefits from the growth of population, Mr. Churchill pointed out that they give service in return for their fees. If the service is too poor, or the fees too high, other doctors and lawyers can come freely into competition.

In such cases, he insisted, there was constant service, there was constant competition, there was no monopoly, there was no injury to the public interest, and there was no impediment to the general progress.

No one could have put it better.

You have only to compare the position of the doctor or the lawyer with that of the landowner who sits at home while the value of his land rises, owing to the activities of other people, to realize the essential difference between income from landowning and other sources of income.

It seemed to me surprising, as the facts of the case became clearer, that nothing had been done to get rid of the evils of land monopoly in this country.

I wanted to know more of attempts that had been made to apply Henry George's idea, and of what had been done in other countries.

## CHAPTER V

### PROPOSALS AND BEGINNINGS

**A**N idea is never really happy in the British Parliament. There is no place in which it has a harder struggle to survive.

You have only to read the history of the idea of the taxation of land values to realize this.

As long ago as 1885, a Royal Commission on the Housing of the Working Classes reported that a local tax on land values would remove one of the chief obstacles to housing by forcing more land into the market at a lower price. They recommended that Parliament should pass legislation to make this possible.

*Nothing was done.*

In 1901 the minority of a Royal Commission that investigated local taxation made out, in a separate report, what appeared to be an unanswerable case for urban site value rating.

*Nothing was done.*

From 1902 to 1905 Bills for the local Rating of Land Values got a Second Reading in a Conservative House of Commons.

*Nothing was done.*

Local Councils who found themselves, as in the case of Sheffield, having to pay excessive prices for land, and voicing the injustices of the present rating system, kept the idea alive and repeatedly demanded powers from Parliament to enable them to impose rates on land values.

*Nothing was done.*

In 1906 the General Election returned to power a Liberal Government pledged to the taxation and rating of land values. Sir Henry Campbell-Bannerman said emphatically:—

“Why should we remain satisfied with our ring fences which in the great centres of population are put round the town beyond which the people must go to have freedom to build? Nothing, in my opinion, short of the taxation of land values, will suffice to get to the root of this great matter so vitally essential to the health and prosperity of the world.”

And again:—

“You and I side with the public interest. Let the value of land be assessed independently of the buildings upon it, and upon such valuation let contribution be made to those public services which create the value. This is not to disturb the balance of equity but to redress it. There is no unfairness in it. The unfairness is in the present state of things. Why should one man reap what another man sows?”

The Land Values (Scotland) Bill 1906 was passed by the Commons and rejected by the Lords in 1907.

*No legislation succeeded in reaching the Statute Book.*

In 1909 Mr. Lloyd George gave countenance to the idea in his famous Budget. He proposed to value all the land of the United Kingdom, apart from improvements, to impose an increment duty of 20 per cent on increase in land values, 10 per cent on the value of reversions,  $\frac{1}{2}d.$  in the £ on the value of urban undeveloped land, and a duty of  $\frac{1}{2}d.$  in the £ on ungotten minerals which was altered into a tax on mineral royalties.

These proposals, with the exception of the provision for valuing all the land, did not satisfy the advocates of the Henry George idea. The “land value duties” did not represent for them the “taxation of land values.” In their eyes these duties were but mischievous attempts to tax certain classes of land holders in a discriminating way. This is not an afterthought; it was stated at the time.

What the followers of Henry George welcomed in the “People’s

Budget" was the provision for land valuation as the basis for a straight tax on land values.

They found that it was this valuation which the landed interests feared and disliked most. The attack on the "land value duties" which led to their repeal by a Coalition Government in 1920 was really, it appeared, an attack on valuation.

The attack succeeded. The valuation of the land was not completed, and in 1923 the rest of the land clauses in the People's Budget were destroyed by a Conservative Government. The revenue that had been collected was actually paid back to the landowners.

In 1924, with a Labour Government in office, Mr. Philip Snowden, as Chancellor of the Exchequer, explained that nothing could be done in the first year, but he promised that his next Budget would deal with the taxation of land values. The Labour Government did not last so long. The Conservatives returned to power.

*Six years passed.*

In his Budget Speech in April, 1930, Mr. Snowden, again Chancellor of the Exchequer, said he had considered the question most carefully and had decided to introduce forthwith a separate Land Valuation Bill that would provide the basis for both the taxation and the rating of land values. He gave the pledge that the Government would press on actively with the necessary legislation, so that "this long overdue reform" might be inaugurated with the least possible delay.

In June, 1930, the Bill was circulated with an open invitation from Mr. Snowden for suggestions and helpful criticism.

The King's Speech on 28th October, 1930, announced that the Government intended to introduce legislation to secure for the community "its share in the site value of land." Replying to a question on 18th November in the House of Commons, whether the provisions of the Land Valuation Bill would be implemented by proposals for the taxation and rating of land values in his next Budget (1931), Mr. Snowden said his Budget statement must be awaited.

*Will anything be done?*

The answer is in the hands of the Man in the Street. It is his business. It is for him to make his influence felt if practical expression is to be given to the legislation so often promised.

So much for Great Britain. When I turned to other countries, I found there was a different story to tell. A start had been made

through local taxation in several parts of the world to apply the land value policy. In a number of places considerable progress had been made in imposing local rates on land value for some or all the local revenue, and reducing or remitting the rates on buildings and improvements.

Examples were New Zealand—the majority of boroughs and many counties; the Transvaal—all towns and village councils; two Australian States—all local authorities; several other Australian States—a number of towns and shires; the Western Canadian Provinces—towns and country districts with rates partly or wholly on land values; and towns like Durban, in Natal; East London, in the Cape Province; Kroonstad, in the Orange Free State; Salisbury and Bulawayo, in Rhodesia; and Pittsburgh and Scranton in Pennsylvania.

I was specially interested to learn that most of the capitals and biggest cities in the British Dominions levy rates on land values and relieve buildings or exempt them entirely. Such are Wellington, Sydney, Brisbane, Pretoria, Johannesburg, Durban, Victoria, Vancouver, Regina, Edmonton and Winnipeg.

The outstanding States, however, in the British Dominions that have begun to put the idea into operation are New South Wales and Queensland.

In Sydney, N.S.W., the whole of the local rates (except for water and sewerage) are raised by a levy on land values, and nearly the whole of the local revenue of New South Wales is raised in the same way. Throughout Queensland all local taxation is levied on land values, and for more than a generation rates on houses and other buildings have been unknown. The local authorities do not even value them. Only the land value is assessed.

In Denmark valuation of the whole country is revised every five years, showing separately the capital value of land apart from improvements or buildings. Under the Act of 1922 a small and uniform national tax is levied annually on the assessed value of all land. Under the Act of 1926 local taxation is now levied at a higher rate on the value of land alone than on buildings and improvements which is in the direction of the Henry George proposals. The associated smallholders, peasant proprietors numbering 120,000, are in the forefront of the political forces in favour of this reform.

So one could go on—but this story of the land value policy in operation would take too much of my space. It can be found, in brief, in a supplement to the published report of Sheffield City Council already mentioned.

Looking through records of the application of the policy abroad, I could find no trace of any bad results. On the contrary I found a mass of striking official testimony from Mayors, Town Clerks, and others, which showed that where a beginning has been made with Henry George's policy the results have been remarkably good. In Denmark—where most progress has been made, and land monopoly is not allowed to fasten its grip on the community as in other countries—the prosperity of the people, revealed in a level of wages higher than in any other European country, is a significant fact.

But followers of Henry George, I found, are not yet satisfied with the progress made by his idea. They consider that in some places where it has been started it has not been given a fair chance to operate.

In Australia, New Zealand, and Canada high tariffs, it is argued, have done more to hamstring industry than the partial application of land value taxation has done to aid it.

The slogan of the Henry George followers is "Land Value Taxation and Free Trade." The full Free Trade gospel is preached by them in their demand for *freedom to produce* as well as to exchange.

In no part of the world, they insist, has legislation gone far enough in the taxation of land values and in the so-called "land taxes" for *State* purposes in Australia and New Zealand the application of the principle has been vitiated by exemptions and graduations.

Advocates of the land value policy condemn tariffs everywhere, and maintain that the advance in the direction of land value taxation, while of importance as showing what can be done, is only a small instalment. They assert that the whole value of land belongs to the community and they would abolish all rates and taxes now levied on buildings, trade and industry.

Can it be done?

## CHAPTER VI

### RESULT OF THE INQUIRY

IN trying to arrive at conclusions on this fascinating problem—made all the more so by having both a moral and an economic aspect—I thought it would make things easier for me if I first jotted down on a piece of paper a list of what appeared to be the injustices of the existing system.

This is what I wrote:—

#### IT IS UNJUST

That a man who wants to work on the land should have to pay so much for it that he can't make a living.

That a man who builds a house or shop should not only have to pay very dearly for the site, but also have rates and taxes heaped on his building and his business.

That taxpayers and ratepayers should have to pay millions a year for housing the poor largely because owners of the land on which they have to be housed are able to extort an excessive price.

That there should be over 2,000,000 unemployed while many thousands of acres are going out of cultivation largely because the prices and rents of land are too high, and because landowners can keep sites vacant and land idle, or make it an exclusive pleasure-ground, and pay nothing or only a trivial sum in taxation.

That people should be crowded together in slums mainly because they can't afford, even with the help of subsidies provided by their fellow citizens, to keep a roof above their heads. Where rents are lower on the outskirts the advantage is counteracted by the increased cost of travelling to work.

That I should have to pay more in rates if I add another bedroom to my house while the owner of vacant land across the road can hold it up for years without paying a penny till the price is high enough to induce him to sell.



That one man should have to work about eight hours a day, deep down underground, for less than £3 a week, while another man—the landowner—should be able to draw from the same land many thousands a year in rents, mining royalties, and wayleaves, without doing anything.

That the owner of land on the outskirts of an expanding town should be able to extort from the ratepayers ten, twenty, or thirty times more than he gave for the land.

That the owners of land needed for a new tube or railway or arterial roads and bridges should be able to extort money in the same way.

That as a town expands, and central sites become more and more valuable, the ground landlords should be able to pocket these huge increases, or hold the land to ransom when leases expire and so hamper trade.

That every improvement made by the community should leave wages where they are, while enriching people who produce nothing.

That for every improvement by the individual he should be penalized by being called on to pay additional rates and taxes on such improvements.

That the millions spent, for example, on making the Thames Embankment should have enabled a few landowners to make fortunes at the expense of their fellows.

That the cost of production of every article should be largely increased by the rates and taxes levied on industry.

That the working man should have to pay as much as one-third of his weekly wage in house-rent while the proportion paid by the richer man is far less.

That the farmer should have no security of tenure but be at the mercy of the landowner, while in the interests of hunting or mere caprice leases often forbid the best use of land for genuine agricultural purposes.

That there should be any hold-up of land from which building materials are drawn—an additional cause of house-famine and high rents.

So the list grew. Once I had started I had difficulty in stopping. There seemed to be no end to the injustices due to the land monopoly. The effects of it appeared to run through the whole of our national life.

I tried to think of some comparable toll levied on the community.

There was war, of course. That levied a toll, and some people made money out of it. But clearly it could not be put in the same class as the land toll.

There were all the social services, such as poor relief and unemployment benefit, which had to be maintained because of low wages and want in the midst of wealth. They, too, levied a toll—but clearly it was impossible under present conditions to carry on without them.

I failed to think of anything that could be compared with the grasping hand of the land monopolist.

I then had to decide whether it was necessary to accept the whole of Henry George's idea.

I began to think again of my half-acre, and of how the scheme for handing over to the community the rent I could get for it would affect me.

It was obvious that its selling value would practically vanish. In that sense I should certainly be a loser. I should also have to pay £25 a year to the community for the privilege of being able to call my half-acre my own.

I was anxious to see how Henry George would meet this case. This is how he deals with it:—

“Take now the case of the homestead owner—the mechanic storekeeper, or professional man who has secured himself a house or lot, where he lives, and which he contemplates with satisfaction as a place from which his family cannot be ejected in case of his death.

“He will not be injured; on the contrary, he will be the gainer.

“The selling value of his lot will diminish—theoretically it will entirely disappear. But its usefulness to him will not disappear. It will serve its purpose as well as ever. While, as the value of all other lots will diminish, or disappear in the same ratio, he retains the same security of always having a lot that he had before.”

You see how ingenious he can be! And he goes on:—

“He is a loser only as the man who has bought himself a pair of boots may be said to be a loser by a subsequent fall in the price of boots. His boots will be just as useful to him, and the next pair of boots he can get cheaper.

“Other things considered, he will be much the gainer. For although he will have more taxes to pay on his land, he will be released from taxes on his house and improvements, on his furniture and personal property, on all that he and his family eat, drink, and wear, while his earnings will be largely increased by the rise of

wages, the constant employment, and the increased briskness of trade.

"His only loss will be if he wants to sell his lot without getting another, and this will be a small loss, compared with a greater gain."

Was I convinced? Was I as completely convinced, I asked myself, of the justice of this proposal as of the injustices of which I had made a list? I could not dispute the claim that land value belongs to the community, nor the view that it is wrong to tax houses or anything else produced by labour; but how about the idea that land values would provide all the revenue necessary for public purposes?

I doubted if Henry George, if he were living now, would insist, as he did in 1879 and till his death in 1897, that the whole of the expenditure of this country, both local and national, could be met by land value taxation.

At the time he wrote the world was a comparatively reasonable place.

It had not slaughtered ten million men or blown thousands of millions of capital into the air. It had not piled up huge national debts. There were no expensive unemployment insurance schemes or old age pensions.

Armies and navies were comparatively cheap. No country had to raise a national revenue, as we have to, of over £800,000,000—to say nothing of another £200,000,000 of local revenue.

His world was quite a different one; and I found it difficult to believe that he would have suggested raising the whole of this revenue by land value taxation alone.

No doubt the value of the land of this country has increased considerably since he wrote—but has it increased enough?

To make it possible to raise the whole of the revenue by merely taking the annual value of the land, the true economic rent would have to be £1000,000,000. Is it so much?

No reliable figure exists. I have seen estimates of the *selling* value of all the land of Great Britain, and the highest is £10,000,000,000, which is based on the ascertained fact that the selling value of the land of all New Zealand (apart from buildings and improvements) is £318,000,000, equivalent to £218 per head of the population.

The selling value per head of the land of Great Britain is not likely to be less, and if you multiply our population of 46,000,000 by that figure, you get just over £10,000,000,000.

Further, the assessed selling value of the land on which the City of New York stands is over £1500,000,000. In Greater London

this is not likely to be less. Assuming that London land is worth £1500,000,000, it appears to be credible that the land value of the whole country should be seven times as much, *i.e.*, upwards of £10,000,000,000.

But, even so, this selling value is equivalent to an annual value of only £500,000,000, while the sum we need annually for public expenditure is at least £1000,000,000.

At best, it seemed, only half the expenditure of this country could be raised by land value taxation and rating.

Presumably, therefore, I argued, as Henry George would not be able to offer me the remission of all other taxes and rates in return for taking the whole of the annual value of my half-acre, and practically destroying its selling value, he could not expect me to agree to his proposal as a whole.

But at this stage two important points occurred to me.

First, I remembered that these estimates had been based on the *selling* value of the land, which is an *untaxed* value. That is to say, it is the amount which the owners would get for the land if each piece were sold *subject to existing rates and taxes*. It is an enormous sum, but it does not represent the full value of the land; it represents only that part of the value which the landowners are able to put in their pockets.

Obviously a large portion of taxation to-day does come out of the rent of land, though in a crude and unfair way—that is, from land that is used and *only* as it is used. Income Tax on ground rents, for example, naturally lessens the selling value of land subject to that burden.

It follows, therefore, that if we are to put "land value" on one side of our budget and "public expenditure" on the other side, we must enter the whole land value and not just that part of it which has a certain selling value.

Unhappily there appeared to be no possibility of arriving at such an estimate. But in spite of the absence of this figure of the "whole land value," I found myself, after considering this aspect of the problem, more willing to agree that the merits of the case were not affected by what appear at first sight to be a gap in the argument.

At any rate, I could see the force of the view that *we should concentrate taxation as far as possible on land value and get rid as far as possible of the taxes on trade and industry*. This means that Income Tax and Death Duties would also disappear.

Further, I remembered that a great part of our expenditure goes in unemployment pay, housing subsidies, small-holding

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