

OUR VIEW

WE SHOULD TAKE

for the community what
belongs to the community
—the value that attaches
to land.

WE SHOULD LEAVE

sacredly to the individual
all that is produced by
the individual.



The MEANING *and* PURPOSE *of the* TAXATION *of* LAND VALUES

The Meaning and Purpose of Land Value Taxation

Land is indispensable to existence in all places, at all times and under all forms of social organisation. A *just* land system is therefore the foundation of a well ordered society. Land is necessary for the production of food, of minerals, of fuel, of raw materials, for roads and railways, for airfields and docks, for the sites of factories and houses, for work or for pleasure, for every activity of human life.

No man can have a better right to land than another, for if so he would have a better right to live than another. Hence every man (and woman) must have an equal right to the use of land. This right must be continually sustained so that every fresh life that comes into the world has its equal right to the use of land. Hence there must be no hereditary rights which can exclude some from the use of land, or cause inequality. The principle is that expressed by Thomas Jefferson: "The earth belongs *in usufruct* to the living ; the dead have no right or power over it."

All men should have equal rights to what nature

provides (land), but it does not follow that they should have equal shares of what is produced from it. The produce depends upon the labour of those who work. If all were to be given equal shares of the produce of the earth, those who worked hard would get no more than those who worked little, the slacker would get as much as the industrious. Such a system would be inherently unjust. That is not to say that society should not make provision for those who by accident or misfortune are unable to earn a living, but merely that those who are able to work should not live at the expense of others.

Equal Rights to Land

The practical application of the principle of equal rights to the use of land depends upon certain economic considerations.

We are familiar with the fact that an equal amount of labour and an equal use of capital will give a greater amount of return on some plots of land than on other plots. This may be due in the case of land used for agricultural purposes to differences in soil fertility, or in rainfall, or sunlight or other natural attributes. In the case of mines it may be due to greater thickness of the seams of mineral or nearness to the surface. In the case of all land, including land used for houses, factories and shops, the difference may be due to

situation, to nearness to a centre of population, to a port, or a road junction.

Hence, differences in value between one piece of land and another are due to differences which arise either from natural causes or from situation and relationship to the population.

What is Land Value?

The value of land is not due to something that the individual owner or holder of land has done, but is due to the needs of community. In talking of the value of land or the rent of land we disregard the value which is due to the houses, or the crops, or the other developments which man has put in or on the land. Those things are not land, and any part of the value due to them is not part of the land value.

It will be seen that there will be some land which will yield a very high rent because it has the greatest advantages. Such land is always in greatest demand. Then there will be classes of land which are in less demand and therefore yield less rent, and so by a gradation we come down to land which yields little or no rent. There must always be some land in this class. This is the land which it is just worth while to use, and such land is said to be on the margin of production.

Wrongful Appropriation

Those who work on more productive land can get a greater return for the same skill and labour than those who work on less productive land. The difference is the measure of the rent of the better land. The owner of the better land can get this rent without doing any work and by merely leasing the land to someone else.

The Resulting Evils

In a society in which land rent can be appropriated by individuals there will always be people who can live without working, and there will always be inequality between various individuals in the community. The private appropriation of land rent is the first cause of privilege, oppression and idleness. Absolute and uncontrolled power over land enables those who hold the land to prevent the rest of the community from working except upon such terms as the owners may approve.

Inequality Removed

In order to have a just and stable society it is necessary that land rent should be taken by the community and used for the benefit of all the members of the community. If this is done, land rent ceases to be a cause of inequality between man and man. The man

who uses a less productive plot of land is no worse off than the man who occupies a more productive plot, because the rent (which measures the advantage of the more productive plot) is shared by all equally.

If rent is taken by the community it will no longer profit anyone to hold land idle, because the community will require every occupier of land to pay a rent for it according to the advantages it possesses and irrespective of whether he uses it or not.

The Taxation of Land Values

The manner in which these principles can be put into practical operation is by what is known as the taxation of land values. This involves that a valuation is made of all land, disregarding the value of buildings or other improvements. A tax is imposed upon each landowner according to the value so ascertained. The effect is that the holders of the land pay by way of taxation a proportion of the rent of land according to the rate of tax imposed. The rate of taxation can be gradually increased until the whole land rent is taken for the community. When this point is reached, each holder of land has virtually a right of occupancy upon condition of paying a fair rent to the State.

In view of the fact that the existence and requirements of the community can never remain static it is obvious that regular revisions of the valuation will

have to be undertaken. Where the land is let on long lease provision has to be made for dividing the payments to be made between the freeholder and the lessee so that each pays his proportionate share. Practical rules for this have been worked out.

Operation of the Principle

In no country has land value taxation been carried anywhere near the point of absorbing the whole value of land for public purposes. Some have taken the initial steps; others have made fair progress; but the important thing to observe is that the principle whether in small or large degree, has been put into operation, and sufficient experience has been gained to prove that it can be done.*

Justice in Taxation

It follows logically that with the introduction of the taxation of land values, all taxation levied on the rewards of labour would have to be repealed.

Obviously the transference could not be effected "overnight," but as revenue began to accrue from the tax on land values a start could be made by abolishing tariffs, import and excise duties and purchase tax. These are the most oppressive of the existing taxation system, since they bear most harshly on the poor. As

* Denmark, New Zealand, Victoria, Queensland, New South Wales, South Australia, Western Australia, Transvaal, Cape Province, etc.

the full return from land values begins to be realised and its beneficial effects made obvious, income tax, surtax, estate duties and all other taxation on enterprise, initiative, and thrift could be repealed.

The Beneficial Results

Taxation of land values will remove the inequality which arises from unjust systems of land tenure and inequitable taxation.

By shifting the burden of taxation to the site value of land, landholders would be induced to put their land to its best uses; expansion of production would be relieved from the high speculative costs of land purchase; the greatest possible facility would be provided for new enterprises and the restrictive and inflationary effects on industry would be avoided.

The fundamental principle must always be the fruits of his labour to the individual; the rent of the land to the community.

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