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# TRADE UNIONS

AND THE

## TAXATION OF LAND VALUES.

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That whereas the land question lies at the root of the labour problem; that land monopoly forces labour into involuntary idleness, and thus creates an unemployed class; and whereas land values are created by the presence, industry, and growth of the community, this Congress is of the opinion that the Taxation of Land Values merits the support of all who stand for industrial emancipation.

*(Resolution unanimously adopted by the Scottish Trades Union Congress, held at Falkirk, April, 1902.)*

The first occasion on which, to my knowledge, the Taxation of Land Values was under discussion at a Trades Union Congress was at Bristol in 1898, where a strongly worded resolution was passed in favour of separating the value of the land from the value of improvements and assessing land for rates and taxes upon its true value whether used or not. At Swansea in 1901 a similar resolution was adopted. At Falkirk in April, 1902, the Scottish Trades Unionists unanimously approved of the Taxation of Land Values in the terms above quoted. At Ayr in May, 1903, and at Greenock in April, 1906, they expressed their support with the same agreement, and in equally emphatic terms.

The Falkirk resolution states the case for the Taxation of Land Values as concretely and as lucidly as I have seen it stated in any resolution. It recognises that the policy is not only a great fiscal or revenue reform, but that it will lead to economic freedom and effect a great change in social conditions. What is demanded is the radical reform of the machinery of taxation, of the methods by which the Government and local authorities raise their revenues, for the existing system is the direct cause of unemployment and of inequality in the distribution of wealth. Until this change is made other social reforms are impossible; no attempt to lighten the burden of the workers in field or factory or to improve their lot can meet with success.

Of all the sins that can be laid at the door of the existing method of taxation, the greatest is that it bolsters and protects our flagrantly unjust system of land tenure. Let us see how land, instead of being considered the heritage of all, is treated as private property under the arbitrary control of individuals, who, by charging a price for its use, can live idly on the products of the labour of others. Land monopoly is allowed to flourish.

The natural supply of land is artificially restricted, opportunities to produce wealth are denied wherever it suits the landowner to deny them, and men are forced on to poor land when better and more productive land could and should be utilised. The result is that low wages accompany high rent, those who produce getting little, while those who levy tribute get much. Wealth is unequally, unjustly distributed, and poverty and unemployment inevitably arise.

When I speak of land I wish to make it clear that by "land" is understood all the opportunities that nature provides—everything we see around us that is not made by man—and land includes not only farm land, but city land, mines, quarries, mountains, and rivers, and the sites upon which houses, shops, and factories are built. What we call "rent" or "land value" measures the comparative advantage of any land, for whatever purpose it may be used, and rent will be high or low according to the fertility of the land, to its access to markets, or its position within a village, town, or city. As one piece of land is naturally more suitable or more desirable than another piece of land, rent will

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always exist, and we can neither quarrel with it nor abolish it. But we can so alter our machinery of taxation as to appropriate rent for public purposes, effectually destroying the monopoly of land, and depriving individuals of all the privileges attached to its ownership. That is what is meant by the taxation of land values. Rent, which is never the outcome of individual effort, shall be claimed by society by the direct taxation of all land, according to its value, whether the land is used or not.

This is the only alternative to our present method. To-day taxation falls on industry in proportion as men are industrious; it penalises improvement, it interferes with trade and exchange, and it taxes the fruits of all men's labours. In this way the income tax, the stamp duties, the duties on tobacco, tea, sugar, coffee, etc., the inhabited house tax and local rates operate. It is just as if every effort was being made to punish people for being useful and diligent citizens, and to encourage those who stand in the way of the full and free expansion of industry.

Men who own land pay nothing for their privileges as owners. Everything is designed in their favour, for taxation is reduced or remitted if land, no matter what its value may be, is put to a poor use or withheld altogether. The evil and the remedy have been partially recognised in the Budget of 1909 which imposed a tax of 4d. in the £ on "undeveloped land." It is a step in the right direction, but only a very small step, and it is so hedged round with restrictions and exemptions, and raises so many difficulties in its imposition, that we cannot expect it to have any great economic effect. We must strengthen this foundation and build on it, extending the taxation of land values to all land, and as we do so repeal the rates and taxes that fall upon industry and its fruits, until all revenues both national and local are obtained directly from the rent of land.

Among Trade Unionists there is a growing conviction that the solution of the land question will settle most, if not all, of the labour troubles they are organised to remove. But there are many who still believe that capital oppresses and exploits labour. They see in the employer the man who provides work, who pays wages, who is in a position to keep labourers busy or throw them into idleness, who, in fact, can take every advantage of them because employment is scarce and the competition for jobs severe. To those who are of this view, I wish to appeal with a few examples to show what an important factor land is and the disastrous effects of iniquitous taxation.

In June, 1905, a large colliery situated on the estate of Bardykes, in Lanarkshire, was shut down and completely dismantled because the coal-masters, Messrs. Merry and Cunningham, who had been working the mine for two or three years at a dead loss, found it impossible to pay the higher royalties the landowner demanded for renewal of the lease. From 600 to 700 miners were thrown out of work, and the village of Bardykes was demolished. Not only were labourers forced into idleness, but capitalists as well, and their capital rotted in the shafts and at the pit head. Through the obstinacy and despotism of one man, a whole community of miners, shopkeepers, their wives and children, and all who were engaged in the industry of the district were expelled from the countryside to seek their livelihood elsewhere. Yet they had an equal right with the landowner to the coal buried in the ground. What, then, could be more just than to demand payment from the landowner for his rights in the land and to tax him on his value? Were this policy applied everywhere, no one could withhold any natural resources from use, and the alleged dependence of labour upon capital would speedily disappear. Men could dictate their own terms to those who wished to employ them.

The facts in connection with the Bethesda Quarry have often been quoted. Following the strike which took place in 1902, Lord Penrhyn closed the quarry for three years, 2,800 men were shut out of employment, and thousands of others dependent upon them were impoverished. To assist the men and their families public charities were established, and the men themselves toured the country in singing choirs. But Lord Penrhyn appealed to the Assessment Committee, and had his valuation

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reduced from £24,800 (based on a production of 96,000 tons of slate) to £10,514 (production of 40,700). Protected by our methods of taxation, Lord Penrhyn went into the fight armed to the teeth, and brought desolation and hunger as effectively as any invading German Army could have done it. Here was no conflict between labour and capital, but an outrageous exercise of proprietary rights over nature's gifts, which could not have been possible had the taxation of land values been in force.

The Bardykes Mine and the Bethesda Quarry are examples of the tyranny of landlordism that can be found in every part of the country. It is not only the tribute that land monopoly exacts in rent which does harm, but the power to hold up industry altogether, to shut coal mines, to fence in fields, to stop manufactures, and paralyse trade and commerce. Little wonder that unemployment is caused, and men and women are forced to work at low wages, and often under squalid conditions.

But there is another side of the question. To produce wealth men require not only a workshop, but also houses to dwell in, and land speculation constantly steps in to crowd buildings and streets together and prevent the possibility of anything like decent housing conditions. The slums tell their own story. They require no description, nor need statistics be quoted to prove the prevalence of overcrowding in both town and country. It cannot be otherwise as long as the demand for land is met by a blank denial or extortionate and even prohibitive prices, followed by a heavy burden of rates and taxes whenever buildings are erected and occupied. To give an instance, the Town Council of Richmond (Surrey) has recently built some workmen's cottages under a housing scheme. The land appeared on the rate-books as of a value of £4 per acre, and being "agricultural" was, of course, only rated on half this value. It is situated at the extreme edge of the borough, and is about the least accessible land within the borough area. Yet the Town Council had to pay £2,000 an acre for it. The result is that 40 cottages are crowded on to two acres, and the little patch of land for each cottage has cost the town £100.

Near Newcastle there is a colliery which, it is said, provides the Duke of Northumberland with some £5,000 per annum in royalties, and the men who work in it live in a village a mile and a half away from the colliery. The village by the colliery became overcrowded, and a horrible condition of insanitation prevailed. The colliery company wanted to buy land to build cottages, but the Duke would not sell, and the company had to purchase land on another estate. The reward for producing a princely sum in tribute to the Duke is a denial of ground to live on, to enjoy necessary rest and refreshment for the next day's toil!

But these same miners have been penalised in all directions. For a school site in their vicinity the Northumberland County Council had to pay at the rate of £900 an acre for land which had been assessed at about 30/- an acre. The Throckley Co-operative Society wishing to establish a branch store had to pay 5/- per square yard for the land, but they were forbidden to build a butcher's shop, and a clause was placed in the deed of sale preventing them from using their own hall for meetings except of a certain clearly defined character, political meetings being, of course, ruled out.

Many years ago Professor Thorold Rogers wrote, what legislators and would-be reformers so constantly ignore, that "every permanent improvement of the soil, every railway and road, every bettering of the general condition of society, every facility given for production, every stimulus applied to consumption raises rent. The landowner sleeps but thrives. He alone, among all the recipients in the distribution of products, owes everything to the labour of others, contributes nothing of his own." As if to put this self-evident proposition to the test, men have carried out all kinds of schemes for benefiting one class or another among the working population, and have found the universal effect to be increased land value, the benefit going in a direction it was never intended to go. We provide public parks and open spaces, purchasing them at a price altogether out of proportion to their previous rateable

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value, we maintain them at public expense, and the net result is a stiff increase in all the surrounding rentals. We agitate for workmen's trains and cheap tramways, but the saving they effect is quickly absorbed by the owners of the land where these facilities can be had. We have tried with Small Holdings legislation to liberate the agricultural labourers, but the Act has failed in all respects but one, viz., to increase the value of the land and enrich landowners. Many municipalities have burnt their fingers in attempts to cure overcrowding by buying up slums, and have found that that policy not only encourages landowners to create slums, but also drives the inhabitants who cannot afford better dwellings elsewhere to find garrets and cellars suited to their wretched circumstances. The other day a Labour member of Parliament advocated a universal minimum wage of 30/- a week, but in the light of what has been said it is clear that wage-earners would soon lose the advantage of any such benefit. This aspect of the case was well put by Lord Goschen, who when First Lord of the Treasury was asked to increase the minimum pay of the labourers at the Deptford Victualling Yard. He is reported to have said ("Standard," 15th April, 1899):—

If the position of the labourers at Woolwich and Deptford was as described, it was rather due to sweating landlords than to the rate of wages. The wages had been raised 20 per cent. in the last ten years, and house rent 50 per cent. It was constantly the case in these districts that the increase of wages only led to a larger sum going into the pockets of the landlords, and he was even told that some of the men who were locally the loudest in the cry for justice to the labourers were owners of cottage property who would benefit if the wages were raised.

All these schemes and others of a similar nature which could be mentioned begin at the wrong end. None of them break down the barriers which shut men out of nature's storehouse; instead of hindering, they only encourage the exactions of land monopoly. The same is true of the proposals which well-meaning but innocent reformers recommend to the working classes for their own good—co-operation, thrift and temperance, which are certainly essential reforms, but are rendered ineffectual under present conditions.

The natural method of raising wages is to open the land everywhere to its best use, and so multiply indefinitely the opportunities to produce wealth. To this end we must have the value of the land separated from the improvements in it or upon it, followed by the direct taxation of this value, irrespective of the use to which the land is put. The Budget of 1909 provides the foundation of this great reform by carrying out a complete, universal, and separate valuation of land. The next step is declared in the noted Land and Taxation Reform Memorial which was presented to the Prime Minister in August, 1910, and again in May, 1911, and has been signed by 173 Liberal and Labour Members of Parliament. It urges the Government to expedite the valuation, to make it available to the public, to impose a Budget tax on all land values, using the revenue so obtained not only to repeal the so-called "breakfast-table duties"—the taxes on tea, sugar, coffee, cocoa, etc.—but also to enable the Treasury to contribute to the cost of such services as Education, Poor Relief, Main Roads, Asylums, and Police, and reduce the burden of local taxation without giving "doles" to local landowners. Further the memorial urges that local authorities be empowered to make use of the valuation by abolishing rates on houses and all improvements and basing rates on land values alone. These reforms are worth our whole-hearted and determined support, and I appeal to Trade Unionists everywhere to put this question of the rating and taxation of land values right in the forefront of their demands. They have enormous political and educative influence. Let them use it in this direction, and so work for the speedy emancipation of labour from its burdens, and the establishment of freedom and justice in all the relations between man and man.