

## MONOPOLY AND TAXATION

### Captain A. R. McDougal on Land Values

Captain A. R. McDougal addressed a Liberal meeting at Melrose on 24th March. In the course of his speech, which was given a verbatim report in the *Border Telegraph* of the following day, he said:—

Round any town there is an iron grip of land values, throttling the expansion of the town and compelling people to crowd together in unhealthy slums. The enormous rents and prices that are demanded for this feuing land are a direct tax on labour, and the increased wealth that ought to have gone to labour and capital is swallowed up in land values. Take one example, the Government wanted a few acres of land outside Greenock, unused derelict land on the shore, and valued for rating purposes at £11 per annum. At twenty years' purchase, which is a fair price, it was worth, say, £220; but the Government—and that is you and me, the taxpayers—had to pay £27,000 for it. Surely here is a land value that ought to be taxed.

The increase of land values is a natural law, and their increase cannot be avoided, but it can be controlled. As present taxes are almost entirely levied on industry and production and not on land value, for the simple reason that the landowners, having the political power in the past, made the laws to suit themselves, regardless of justice or the public weal. Henry George laid down two principles, both of which are so fair and just that every fair-minded man must agree. They are: (1) That all men have an equal right to live, and must, therefore, have equal rights to the use and enjoyment of the elements provided by Nature, *i.e.*, air, sunshine, water, land. (2) That each man has an exclusive right to the use and enjoyment of what is produced by his own labour, or for any made product which he may have bought. He also advocated that to tax the product of man's labour was an injustice, and that the best way to ensure equal participation in the gifts of Nature, *i.e.*, land, was to tax the land value for the general public good. Henry George also laid down four rules for a good tax which all will agree on: (1) It should not adversely affect production, or make goods dearer. (2) It should be easily and cheaply collected, and fall directly on the ultimate payer, who should not be able to pass it on. (3) That the whole tax should go to the State. (4) That it should be fair to all.

Land reformers say: relieve industry, houses, and all products of man's hand or brain of taxes and place these taxes on the vast sums already paid by industry for site values of land. I recently had dinner with a cousin in London, who is the head of the Sun of Canada Insurance Co. there. They have just built a new head office in Trafalgar Square, and I asked him for details. The facts are these. The old ground rent or land value of the site was £200 per annum, and the lease had expired. His company leased the site on the following terms: Ground rent to be £20,000 per annum for 99 years. The company to be bound to build a building costing not less than £250,000, which would revert scot free to the ground landlord at the end of the lease. Under our landlord-made laws the whole of the rates levied by the municipal authority for that property falls on the building and are paid by those who built and own the building and by those who use it. Not one penny of rates is payable by the landlord who owns the site and who ventured nothing, but who draws £20,000 per annum for granting permission to enterprising men to build. The agricultural value of this site might have been, say, £2 per annum, so the land value here is enormous. If that bit of land had been surrounded by a wall at the Norman Conquest and never touched it

would still have been worth now £20,000 per annum by reason of the one power inherent in the owner, of granting or refusing permission to use it.

At Manchester it cost £260 per man employed for the land to build a new road on open country—£260 for permission to give an unemployed man a job. Manchester built a new radial road on land costing £200 per acre. Later they bought 54 acres adjoining for a park costing £300 per acre, because the owner said the new road had increased its value. Later, the land opposite was needed for housing, and it cost £500 per acre because the owner said the new road and park had increased its value. Quite true, but who made the road and park?

Poverty and unemployment can never be combated and overcome until we face the problem of the Taxation of Land Values. There we have the answer to the paradox by which as progress and invention and wealth increase, wages and return on capital tend more and more to a bare subsistence level, and unemployment tends to increase.

### "SOME DAY!"

(From a leading article under this heading in the "Huddersfield Daily Examiner," 21st April.)

No one during recent years has been more eloquent on the need for the taxation and rating of land values than Mr Philip Snowden, and his failure to include definite proposals for this purpose in the Budget is, therefore, the more surprising. It is true that the Chancellor intends taking the first essential step to the taxation of land values, by the introduction of a land valuation Bill in the House of Commons "at the earliest possible moment," but the present congested state of Parliamentary business virtually relegates the Measure to the distant future.

Whatever may be the reason for Mr Snowden's unfortunate lapse, the need for a bold scheme of land value taxation was never more urgent than it is to-day. For years the country has tolerated a system which penalizes commercial and industrial enterprise and efficiency, and puts into the pockets of about 2 per cent of the nation the fruits of the labours of the remaining 98 per cent. Our industries have not only had to shoulder the heavy burden of general taxation, but have been bled white by the extortion of land-owners.

Mr Snowden has repeatedly declared this "legalized robbery" of the people "a monstrous wrong," and that of all social reforms the taxation of land values is the most urgent, for when achieved, "every other problem will be made more easy of solution." Speaking at Sheffield on the eve of the last General Election, Mr Snowden said that it was a thing which would brook no further delay, and swore that if ever he was in a position to strike a blow at the present iniquitous land system, "*by Heaven he would do it.*" Mr Snowden has been given the opportunity he desired, only to fail to realize the high hopes his vehement utterances promised. We can only hope that (to use Mr Snowden's own words) "some day we shall learn sense and use the public wealth for the public good."

### A PERPLEXED PHILOSOPHER

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