

**THE DIFFERENCE BETWEEN TAXING LAND AND LAND
VALUES AS EXPLAINED BY THE PRIME MINISTER
OF GREAT BRITAIN.**

THE DISTINCTION MADE CLEAR.

In addressing a mass meeting in connection with the National Liberal Federation, held in London, July 2, 1909. Prime Minister Asquith in referring to the land taxes of the budget, said: (as reported in the *London Times*).

“Let me repeat an observation which I made a week ago at the Holborn restaurant—that these taxes— though popularly and conveniently described as taxes upon land, are not in the strict sense of the term taxes upon land at all. (Hear, hear.) A very distinguished economist, a professor of political economy at Cambridge (Professor A. C. Pigou) * * * says that the proper description of them would be taxes upon Windfalls (laughter) and that is really what they are. (Cheers.) That is to say, what the state is doing is not putting a tax upon land as such—nothing of the kind. What it is doing is this: it is saying to the land owner * * * when your land acquires through causes for which you are not responsible, and to which you have not contributed, but which result from the growth of the community and the action of the community—when your land under these conditions, and these conditions only, acquires an increment of value either actually realized or conveniently realizable, the state will step in and exact a toll. (Cheers.) * * * This is a duty imposed not upon land, but upon the added value which accrues to land, not from the efforts of its owner or from those interested, but from social causes. * * * Is it unfair or impolitic that the State should have a share of the increase so produced. (Cheers.) * * * No answer has ever been given to the question. The only answer which has been made is one which the lawyers call the answer by way of confession and avoidance. * * * When you come to land, land on the outskirts of a growing community, land the holding of which may throttle and cripple the development of its industries, may destroy the health and even the long life of its population, it is mere trifling, unworthy even of an academic dialectician (laughter) to speak of land as though in these vital respects it stood upon the same footing as other forms of property; and let me say that it is no answer to a dweller on the outskirts of London, for instance, to say there is plenty of land in the Hebrides. What London needs and every other community, every growing community needs, is not to know that somewhere or other on the face of the globe or within the ambit of the United Kingdom there is land available. What they want is land in their own neighborhood, land upon which they can expand and extend themselves and carry on their industries and their local and social life. * * * Let me pass now * * * to the tax on undeveloped land. This is a tax of a half-penny in the pound on the capital value of undeveloped land. It applies only to unbuilt-on land which is not being *bona fide* used for any business, trade

or industry other than agriculture. * * * It merely says, and here again, I think, we come down to an elementary principle of social justice—it merely says that those classes of land shall be taxed now on the basis of real as distinguished from a perfectly fictitious value. Such land is under-rented—that is to say, for a number of reasons—reasons which are satisfactory to the owner, it is bringing a lower yield than it would if put into the market, bring in and ought to bring. Take the case of land which can be sold for immediate development, but which is being held up, and legitimately held up, in the hope of getting a higher price in the future. Such land can command a definite economic rent, and is capable of producing an income. That land ought to form part of the taxable income of the country. The landowner does not take the rent, but chooses to forego it, and the source of revenue is reduced pro tanto and the national income reduced so much. He does this for his own purpose and with the hope of future profit, and it is clearly fair and just that the State should apply to him rather than to other taxpayers to make up the deficiency. (Cheers.) Now it is said that one of the effects of this undeveloped land duty will be to put pressure on land-owners to sell their land. Perhaps it will. (Laughter.) Is that a calamity to the community. (Laughter.) Is that a contingency which we ought to regard with horror and aversion and against which we ought to take all possible precautions and safe guards? Remember this,—we hear a great deal about the withdrawal of capital from this country.. It is quite true that capital can be withdrawn from one area to another, and sometimes that transference is beneficial to the other area, but land cannot be removed, * * * and should there be a transference of ownership the land is there and the community will continue to enjoy it. * * * I maintain that taxation which seeks these ends by these means is taxation which is not only sound in economic principle, but which conforms to the eternal and immutable principles of social justice.

SOME IMPRESSIONS OF BRITISH POLITICS.

(*For the Review.*)

By CHARLES J. OGLE.

GOVERNMENT.

One of the first impressions the American visitor to England receives is that of compactness. From that extreme Southern point in Cornwall, called Lands End to the Northernmost reach of Scotland where John O'Groat solved the vexed question of precedence in his family by building an octagonal house with eight doors and containing an eight-sided table,—there is but one law making power and its seat is at Westminster. A unitary State, thus distinguished from the federal governments of both Germany and America, and unique in the fact of its having no written constitution whatever, as we know the term, England towers above every other nation in the world in the ponderous simplicity of its government. It is ponderous because the lack of adequate