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**THE BUDGET THE LAND  
AND THE PEOPLE**

# THE BUDGET THE LAND AND THE PEOPLE

THE NEW LAND VALUE TAXES  
EXPLAINED AND ILLUSTRATED

WITH A PREFACE BY THE RIGHT HON.  
D. LLOYD GEORGE, M.P.  
CHANCELLOR OF THE EXCHEQUER

ISSUED BY  
THE BUDGET LEAGUE

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## PREFACE

*THE Land Value Taxes of the Budget of 1909 mark a new departure in the fiscal policy of our country. After a few years' experience they will, I hope, be as familiar and accepted a part of the apparatus of the tax-gatherer as the Death Duties, once so strange and so strenuously opposed, are to-day.*

*What are these new land value taxes? On what grounds are they justified? Who will pay them? How will they be assessed? What exemptions will be allowed? What results are expected from them? These questions are on men's lips. It is important that correct answers should be within reach of all.*

*This little book is a simple exposition of the Land Value Clauses of the Finance Bill, with a large number of concrete illustrations, vouched for by chapter and verse. I cannot, of course, accept responsibility for the statements or figures herein contained, but I have looked through these pages with much interest, and they appear to me to present a concise and well-founded account of the subject. Every citizen, in my opinion, should know as much as is here set forth. Few readers, I think, will remain unmoved by the weight of evidence adduced, while political speakers can hardly fail to find it of great service.*

*One word more. These taxes are new to us, but they form part of the established practice of other communities. There is, moreover, behind them, as is here indicated, a great weight of public opinion, especially of those intimately concerned with the grave problems of municipal administration.*

*For these reasons I think the Budget League has done well to issue this handbook to the great question of the day, and I willingly commend it to the consideration of all who take a serious interest in our social and economic development.*

D. LLOYD GEORGE

*August 12, 1909*

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# THE BUDGET THE LAND AND THE PEOPLE

## INTRODUCTION

### THE TAXATION OF LAND VALUES A WELL-ESTABLISHED PRINCIPLE

**M**R. LLOYD GEORGE'S Budget, for the first time in the history of British Finance, puts into operation the principle of the Taxation of Land Values.

There is, however, nothing revolutionary or even novel in the principle. It has been discussed in Parliament and by the municipalities for a quarter of a century, and has been supported by 550 Rating Authorities, including almost all the great municipalities. In 1904, in a Tory House of Commons, the Second Reading of Mr. Trevelyan's Bill was seconded by a well-known Tory, Mr. Watson Rutherford, supported by Sir Albert Rollit on behalf of the Association of Municipal Corporations, and carried by a majority of 67; 26 Tory Members voting with the majority. In 1905, Mr. Trevelyan again introduced his Bill in the same House of Commons, and the Second Reading was carried by a majority of 90, Mr. Harwood-Banner, one of the Tory Members for Liverpool, acting as teller with Mr. Trevelyan.

The principle has been put into practice in Australia and New Zealand for years past. The Right Hon. W. Pember Reeves, late High Commissioner for New Zealand, says that the taxes in that country "have shown themselves good sources of revenue. They have not been costly to collect. They have freed improvements from burdens and have certainly stimulated the outlay of capital and labour."

In Germany, many important towns, including Frankfort, lay a special tax annually on Land Values, and about 50 communes

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in Prussia alone have adopted the principle. It has also now been adopted by the Reichstag for an Imperial tax to help to pay for the German Navy. The justice of the tax is admitted by all German parties, but there is controversy as to its division between Imperial and local purposes.

Mr. Lloyd George takes the fair course, and proposes to divide the revenue from the taxes equally between the nation and the towns—between the Exchequer and local rates. Half the proceeds of taxes to go to Municipalities. None of the taxes will be charged on land held by local rating authorities or upon land occupied by institutions for public or charitable purposes, or on land belonging to statutory companies, such as railways, which cannot be used for other than statutory purposes.

## CHAPTER I

### THE INCREMENT VALUE DUTY

**T**HE first of the Land Value Taxes in the Budget is the Increment Value Duty. A valuation is to be made of the site value of all land. The land is to be deemed to be sold free from incumbrances, but subject to public burdens and charges arising by law such as rates and taxes, tithe rent charges, and improvement charges under local Acts. It is also to be treated as sold subject to any easements and rights of common, and to any restrictions as to use imposed by Act of Parliament or in performance of duties or exercise of powers under any Act, and subject also to any covenant or agreement restricting the use of the land where the restraint is reasonably necessary in the interests of the public or in view of the character of the neighbourhood.

Site value means the amount which the land, if sold in the open market by a willing seller, might be expected to fetch if all buildings and other structures, fixed machinery, growing timber, &c., were non-existent. Further, the value attributable to works such as roads, sewers, drains, &c., carried out by or for the landowner for the purpose of improving the value of the land for building, or for the purpose of any business, trade or industry other than agriculture, will be deducted, and also the value arising from the dedication for open spaces of any part of the land of the same owner. Further deductions may also be made for any expenditure of a capital nature (including any expenses of advertisement) incurred for the above purposes, and for any money spent in redeeming land tax, &c., or enfranchising copyholds, and for goodwill or any other matter which is personal to the owner.

In cases where land has increased in value since 1909, Increment Value Duty will be payable on the difference between the original site value as fixed by the valuation to be made in

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1909 and the site value of the same land ascertained in the same way on the occasions when the tax becomes payable, less 10 per cent. of the original site value (*i.e.*, the first 10 per cent. of increment goes free of tax on each occasion, or, in other words, no duty is chargeable unless the increased value amounts to at least 10 per cent., and where it is more, the first 10 per cent. of increase is exempt from duty). The amount of the tax is 20 per cent. (one-fifth) of such difference or increment reduced by such abatement as above mentioned.

The Duty is payable by the owner of the land or of the interest in the land, and in the case of transfer or lease, the transferor or lessor. It becomes payable when the land is sold, when a lease of more than 14 years is granted, when the land passes on death, and in cases where the land is owned by corporate or unincorporated bodies, every 15 years, beginning with the year 1914.

As an instance, take the case of the owner of 50 acres of building land with no houses upon it, but the value of which has been increased by £5000 by the owner laying out roads, sewers, &c. Suppose that in this year's valuation the land is found to be worth £400 an acre, making a total of £20,000. After the deduction of £5000, the value due to the expenditure of the owner, the original site value would be £15,000. If in three years' time the owner were to sell the whole 50 acres at £700 an acre, having meanwhile by further works and advertising increased the value by another £5000, what would the taxable increment be? From the £35,000 which he would receive for the land would be deducted the first £5000, and also the second £5000, being the value of the works and advertising done during the three years, leaving the new site value £25,000. When the original site value of £15,000 is deducted from this sum, the balance of £10,000 is unearned increment, but from this must be deducted 10 per cent. of the original site value—£1500, which would leave £8500 as the taxable increment. The tax which it is proposed to levy is 20 per cent. (one-fifth) of that sum—£1700.

Any owner may apply at any time to have the site value of his land apportioned or re-apportioned among its several parts. In this way the possibility of too much Increment Duty having to be paid on any plot is provided against.

The method of calculating the duty provides for the possible case of the land falling in value. If, for instance, the land after paying duty on increment up to £30,000 were to fall in value to £25,000, and then again were to rise in value, it would pay no more duty until and so far as it rose again above £30,000. Thus it is not true, as is sometimes said, that the tax falls on increment without allowing for decrement.

If the owner proves that within 20 years before 1909 he or his predecessors bought for a larger sum than the land is now worth, the site value of the land as indicated in the price then given may be taken as the starting-point for calculating Increment Duty. So also if a mortgagee proves that he has advanced on security of the land a sum greater than the value in 1909, a corresponding concession is to be made. These provisions amply secure that no injustice shall be done in cases where land may have fallen in value.

Agricultural land, including meadow and pasture land, and woodland, market gardens, nursery grounds, and allotments, is specially safeguarded. While such land has no higher value than its value for agricultural purposes only, no Increment Value Duty is to be charged in respect of it.

The Small Holder will also be entirely exempt when he is an occupying owner and the total amount of his holding does not exceed 50 acres or does not exceed £50 in annual value. The small occupying house owner is also exempt if the annual value of the house does not exceed, in London £40; in a borough or urban district with population of 50,000, £26; and elsewhere, £16.

If the State requires money, as it does, for national needs, can anything be more just than to take from the owner a part of the increased value of land, not one penny of which is due to his personal work or outlay? Every building put up, every improvement made, any goodwill arising from the landowner's effort, is taken into account and exempted from taxation. Surely it is fair and reasonable to tax the increased value which arises from the fact that the land of the country is limited in quantity, and that people must have land to live and work on.

An auctioneer recently commended an estate in these words :

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"Ilford possessed many advantages. There were good schools, excellent shops, public baths, a good local authority, and a good service of trains to and from the City. The rates were also very low." What the practical man says, the economist confirms. Professor Thorold Rogers said: "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 supplied to consumption, raises rent. The landowner sleeps, but thrives. . . . He inherits part of the fruits of present industry, and has appropriated the lion's share of accumulated intelligence."

It is undeniable, and in the Debates on the Budget no one has attempted to deny, that land, or at any rate all land in the neighbourhood of centres of population, has a value in itself, apart altogether from any additional value which may be given to it by the owner expending labour or capital upon it. That value of the land arises from the need and ability of the population to make use of the land. It arises from the presence and the industry of the community, and the expenditure of public money on improvements and public services. It grows with the growth of the population, with the growth of trade and the development of new industries and improvements in the methods of industry and business, and with the construction of railways and tramways and other means of communication, until in large cities, land values reach fabulous figures, and sites are frequently dealt in at the price of £30 per square foot and upwards, land near the Bank of England being worth about £50 per square foot, and in some cases the price approaching £70 per square foot.

### I. INSTANCES OF LAND VALUE INCREMENT

The *Times* of March 20, 1909, recorded the purchase by the Corporation of London of a site which had long been occupied by a fruit-stall in Ship Tavern Passage, Gracechurch Street, at approximately £30 per foot.

Instances of enormous land value—Gracechurch Street: £30 a foot.

On March 9, 1903, a London building site (corner of Cheap-side and Paternoster Row), occupying a ground area of 945 superficial feet, and with a frontage of 71 feet, was let by

auction on an 80 years' building lease at £1150 per annum, being at the rate of £1 4s. 4d. per foot rental, which, capitalised at 30 years' purchase, would give a freehold value of £36 10s. per foot. For the widening of Piccadilly, the London County Council purchased a strip of land fronting St. James's Street, containing about 1200 square feet, for £41,000—£34 3s. 4d. per square foot. On May 18, 1909, the building site at 104 and 105 Cheapside was put up to let on a lease of 80 years. Its area extends to 1640 square feet. A final bid of £1200 a year was declared by Mr. Breach, the auctioneer, to be inadequate, and the site was withdrawn. This offer was at the rate of 19s. per foot, equivalent at 30 years' purchase to a price of £28 10s. per square foot.

Cheapside:  
offer at rate  
of £28 10s.  
refused.

The buildings to be erected were to cost at least £7000.

The *Statist* of November 14, 1908, reported as follows:

"A site in front of St. Bride's Church, containing 1050 feet, sold for £15,500, or £15 a foot; another at the corner of

Bride Lane: Bride Lane, containing 550 feet, sold for £10,150, £18 10s. a foot; and the site of No. 151, containing 570 feet, let by auction at £480 per annum, which, if taken at 25 years' purchase, would represent a freehold value of £21 per square foot. An increase more or less pronounced

is apparent in nearly all similar transactions which have taken place in the City; but it is when one examines the sales of land around the Bank and the Stock Exchange that the increase in values and the high prices now obtained become most striking. It is about 30 years since the failure of Baron Grant necessitated the sale of his business premises in Lombard Street. They were a fine block of buildings

Lombard Street: £37 containing an area of about 1500 feet, and sold for £55,000, which is less than £37 a foot;

and a good many examples might be quoted showing that freehold land and premises in Cornhill and Lombard Street were selling about that period at less than £30 a superficial foot. Latterly, however, sales have been comparatively rare.

One of the most notable sales in recent times was that of the splendid site in Cornhill on which the Commercial Union Offices now stand. This contained an area of about 2500 feet, and sold as vacant land for £113,500, or £45 a foot; and about three years ago the site of Nos. 75 and 76 Lombard Street, containing 1600 feet, was let by

Vacant land at  
£45 per foot.

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auction at £3000 per annum, which, calculated at 25 years' purchase, represents about £47 per foot for the freehold of the vacant site. It seems clear, therefore, that if any firm or corporation should seek to acquire land in this locality with a view to the erection of some great commercial premises, they must, in the event of the requisite site coming into the market, be prepared to pay at least £50 for the freehold of every superficial foot of ground on which their new premises are to stand."

A piece of land in the City (at junction of Old Broad Street and Threadneedle Street), realised nearly £70 per square foot, as appears from the following statement in the *Post Magazine and Insurance Monitor* of January 24, 1903:

Land in City  
sold for nearly  
£70 per square  
foot.

"The Alliance Assurance Company has sold the late head offices of the Imperial Life and Fire Insurance Companies, at the junction of Old Broad Street and Threadneedle Street, to the Indemnity Mutual Marine Assurance Company, Limited. The agreed price for the freehold is £210,000, or nearly £70 per square foot (£630 per square yard, or at the rate of £3,049,200 per acre), which is one of the highest prices yet paid even for the best City properties. One-third of the purchase consideration will belong to the Imperial Life Assurance Fund and two-thirds to the shareholders' reserves of the Alliance. It is understood that the existing building will be pulled down, and that the British and Foreign Marine Insurance Company will be among the tenants of the new building to be erected on the site."

A corresponding growth of land values is recorded in other parts of the world. Under the heading, "Land Values in New York," the *London Evening Standard and St. James's Gazette* of June 18, 1907, reported:

"A little piece of land at the south-east corner of Thirty-Eighth Street, measuring 25 ft. by 100 ft., changed hands for £140,000 (£2,413,224 per acre), which would make the price per square foot equivalent to about £55 8s. The next highest Fifth Avenue price was made a few months ago, when £42 per square foot (£1,689,520 per acre) was given for a similarly small parcel of ground. By comparison the Fifth Avenue sites are fetching higher sums than those in the financial quarter of Lower Broadway, where the most recent

top price for a corner of Liberty Street was £46 a square foot (£2,003,760 per acre)."

Referring to a sale of leasehold premises in Church Row, Aldgate, London, E., *The Statist* of April 9, 1904, said :

"The premises are situated in a district which from a landlord's point of view, would seem to be one of the best in the Metropolis, inasmuch as as there is a constant struggle among tenants to secure accommodation in the vicinity of Houndsditch and the Whitechapel High Street, so that rents are obtained which often appear to be out of all proportion to the accommodation possessed by the premises for which they are paid."

Houndsditch and Whitechapel High Street : "One of the best from a landlord's point of view."

In Kingsland Road, Shoreditch, a site was bought in 1712 for almshouses by the executors of Jeffrey for £220.

Shoreditch: The Ironmongers' Company recently proposed to move the almshouses, and entered into a contract with Peabody's Trustees for the sale to them of the site for £24,000.

In 1865 a piece of land on the foreshore of the Thames near the Temple changed hands for £8250. In 1870 the London

ratepayers built the Victoria Embankment. In 1871 the London School Board bought this selfsame piece of land and had to pay no smaller a sum than

£26,420.

The prospectus of the Queen Anne Residential Mansions and Hotel Company, Limited, published June 19, 1909, contained

Queen Anne's Mansions: a report by Messrs. George Trollope and Sons, the well-known surveyors, in which they gave their opinion that the site of the Queen Anne's Mansions without the buildings is worth £225,000. Besides indicating the enormous value of land in London,

this instance shows that surveyors are well able to value the site without the buildings. Government valuers will have no greater difficulty in valuing for the tax than Messrs. Trollope had in valuing for the prospectus.

Some time ago Messrs. Whiteley made an offer of £60,000 for the Paddington Baths and the freehold site on which they stand in Queen's Road, Bayswater. The Local Government Board, however, refused to sanction the sale, and a valuation of the property was made by Mr. Murray, valuer for the Crown Estates, of 11 Suffolk Street, S.W. His valuation was £82,000.

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The total cost, including that of the land, of the erection of the baths in 1874 was £40,000, so that if Messrs. Paddington Baths valued by Whiteley's offer had been accepted, there would be the value for Crown Estates. have been a profit of 50 per cent., but the Local Government Board's valuation shows an increment of over 100 per cent. This is surely a good basis for taxation.

At St. John's Road, Clapham Junction, there was, about five years ago, an ugly old wall, behind which, in a house standing in about three acres of ground, lived a gentleman who resolutely refused to part with his property. Clapham : £15,000 an acre. Some twenty years ago land round about was fetching £3000 an acre, but this owner always refused to sell, saying that he could afford to wait. Five years ago he died, and his three acres fetched £45,000, or £15,000 an acre.

Over a hundred years ago the site upon which the Glasgow Municipal Buildings stand was sold for 2s. 8d. per square yard, or some £800 in all. Some twenty years ago, Site of Glasgow Municipal Buildings. the Corporation bought this same site back, and had to pay for it £175,000, equal to £35 16s. per square yard.

Take another Glasgow illustration from the very heart of this great centre of industrial activity. A few years ago the buildings of Stewart and Macdonald, in Buchanan Street, Buchanan Street, Glasgow: Corporation pays at rate of £114 per square yard. jutted a few feet into the footway, and the Corporation asked that firm what they would take to set new buildings back a few feet to the regular building line. Eventually the Corporation paid £8000— at the rate of £114 per square yard, or over half a million pounds an acre—to Stewart and Macdonald to go back a few feet to make the footpath wider.

In Manchester it has been estimated that the rise of land values creates every year property to the value of about a million pounds. Here are a few individual cases. In 1780 the plot of land at the corner of Piccadilly and Oldham Street was sold for a little under eighteenpence a yard. In 1903 land on the spot was sold at the rate of £59 to £70 a yard. The land on which Howard's Buildings, in Cross Street, recently stood, was sold in 1881 at the rate of £60 a yard, or £20,080 for the block of 334½ square yards. In May 1900, it was re-sold at double the price, at the rate of £120 a yard, or over half a million pounds per acre. The value of the buildings

did not enter into the transaction, for the old ones were pulled down and a new block erected. A plot of land in Levenshulme let at £2 an acre 30 years ago. It now lets at a chief rent of £2 a house, or £120 an acre.

Sir John Brunner, speaking in the House of Commons on February 10, 1899, said :

“ The centre of Widnes belonged to a family whose fortune is founded upon the purchase of land in Lancashire, which at the time of the death of the grandfather of the present head of that family was of such little value that his two sons doubted whether it was worth while to prove the will and claim the property. . . . Now that property is worth very decidedly over £3,000,000, and the owners of it have never from beginning to end paid a penny in rates.”

A piece of land in one of our great cities which had been walked round since the Norman Conquest, and on which not a stroke of work had been done or a penny spent, would to-day have a large site value. It is this value of land which Professor Marshall (in his Answers to Questions submitted to him by the Royal Commission on Local Taxation, and published as part of the evidence taken by the Commission) says it would be correct to call “ public value,” to distinguish it from the value which can be traced to the work and outlay of the individual holder. On this value, Professor Marshall recommended that there should be an annual levy of 1*d.* in the pound on the capital value of land which was worth up to, say, £300 an acre, and that land with higher site value should be made to contribute at a higher rate. “ I regard this,” said Professor Marshall, “ as practically public income reserved to the State rather than as a tax.”

The Budget proposals are not so drastic, and have been carefully framed so as to avoid any shadow or semblance of injustice or hardships to individuals. The Government have decided to start from Land Values as they now are, and only to take from time to time a small fraction of any increase in value arising in the future directly and solely from the growth, activity and expenditure of the community.

As the Prime Minister said in his speech on the Second Reading of the Finance Bill: “ It is a principle of plain common sense and equity, and in the application of that principle in this

Land in  
Widnes :  
family owns  
land worth  
£3,000,000.

Professor  
Marshall on  
taxing the  
“ public value ”  
of land.

Budget will tax  
only future  
unearned  
increments.

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Bill we take the land as it is, and simply say that as regards future increments arising not from the efforts, exertions, or expenditure of the owner, but from the growth, activity, and expenditure of the community, we take a small percentage and apply it to public purposes for the benefit of the community which has created the increase."

In his speech at Sheffield, the Prime Minister distinguished land from other forms of property, saying: "In the case of land you are dealing with a commodity which is vital to the life of the community, which is strictly limited in amount, and in regard to the right and the best and the most politic user, there is not a man, or woman, or child who has not a direct personal interest." At the Holborn Restaurant, the Prime Minister said: "They are taxes upon the communal value which has been added to land by the existence and the exertions of the State."

What Mr. Chamberlain's opinion of the tax would have been in the year 1883 may be judged to-day from the reference which he made that year to "those who toil not, neither do they spin, whose fortunes have originated in grants made long ago for such services as courtiers render kings, and have since grown and increased, while their owners have slept, by the levy of an unearned share on all that other men have done by toil and labour to add to the general wealth and prosperity of the country."

## II. INCREMENT FROM MINERALS

As regards the increment value arising from minerals, there are special provisions. Minerals are to be valued separately from the land, and deductions may be made for sums spent on boring or other operations for bringing the minerals into working. Minerals which are not at the time comprised in a mining lease or being worked will be treated as of no value unless the owner in his return to the Commissioners specifies the nature of the minerals and his estimate of their capital value.

The position with regard to minerals which will be subject to the tax was illustrated by an imaginary case put by Sir John Randles, M.P., when supporting the candidature of Mr. Profumo in the High Peak. Sir John Randles pictured the purchase by himself of land worth £50,000,

upon which he subsequently found iron ore, which raised its value to £500,000. "Before I start getting the ore out," he said, importing a fine tone of indignation to his voice, "the Government will demand £100,000." "And who gets the other £400,000?" demanded a voice; "isn't that enough?" The audience evidently regarded the illustration as an example of the justice of the tax.

Four or five years ago an area of about 7000 acres of land in the East of Yorkshire was bringing in an agricultural rent of about £1 per acre, say £7000. The district was a Yorkshire collieries: an undeveloped one from the colliery point of view, and the sinking for coal was a highly speculative business. Leases were granted to the Brodsworth and Hickleton Colliery Companies, which took all the risk and spent £500,000 in sinking and equipping the mines and building a model village for the miners. The mines have not yet reached their full output, but have already overpaid the landlord more than £18,000 in dead rent. When in a year or two the full output is reached the mineral rent for the coal alone will be about £35,000 or £40,000, and in addition wayleave is payable for coal got from other owners' land, and a royalty for bricks, also surface rent at £4 an acre, and ground rent of about £666 for the site of the village, making an unearned increase in annual income of at least £30,000 over the rent previously obtained.

Critics have tried to represent the attempt to tax the increased value due to minerals being discovered or becoming workable as visionary and illusory. The *Estates Gazette* of May 1, 1909, had the following announcement:

"A syndicate of Yorkshire, Nottinghamshire and Derbyshire colliery owners have leased 7000 acres of land at Barnby New Colliery Junction for the purpose of establishing a colliery. There is a very large deposit of coal in the neighbourhood, and sinking operations are being commenced immediately, and it is anticipated that the colliery will shortly be turning out about 30,000 tons of coal per week."

There seems to be nothing of an illusory or visionary character about this enterprise.

As regards coming mineral developments in South Wales, the following statement was made by the *Westminster Gazette* of July 27, 1909:

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“A great development in the near future of the output from the South Wales coalfields was foreshadowed this morning by a witness giving evidence before Sir George Doughty's Select Committee in favour of the proposed amalgamation of the Taff Railway Company and the Cardiff Docks. The witness was Mr. Arthur Lawrence, mining agent for Lord Tredegar, Lord Aberdare, the Duchy of Lancaster, Mr. Crawshaw Bailey, and others, whose total output was about 10 million tons a year. Mr. Lawrence said there were new schemes in the course of development. New pits were being sunk, others were marked out, and preparations for sinking were in a forward state, while there was in prospect a great development of the existing collieries. These schemes would give an increased output of not less than eight million tons per annum.”

The discovery of a rich coalfield in the Island of Mull has recently been reported. The *Westminster Gazette* of July 30, 1909, said:

“A new departure for the Scottish Highlands is that of coal-mining. Blasting operations in Mull have disclosed a rich field of coal. The landowners are the Duke of Argyll and Mr. Clark of Ulva's Isle, and they have granted mining rights to an English prospector. As the coal is close to the sea the cost of transport to the mainland ports will be very cheap. There is every indication that the Island of Mull, the favourite resort of tourists from Oban, and rich in Highland romance, will become known in Continental ports as the producer of Mull steam or splint coal. And as the coalfield is at the extreme west of Mull, doubtless the seam underlies the narrow sound that separates the Island of Iona, with its cathedral and early reminiscences of Christianity.”

### III. SPECIAL REASONS FOR TAXING INCREMENT VALUE

The reasons which make the increment value of land a specially suitable subject for taxation were clearly set out by Mr. Winston Churchill at Edinburgh, on July 17, 1909:

“It is quite true that the land monopoly is not the only

monopoly which exists, but it is by far the greatest of monopolies—it is a perpetual monopoly, and it is the mother of all other forms of monopoly. It is quite true that unearned increments in land are not the only form of unearned or undeserved profit which individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial but which are positively detrimental to the general public.

“Land, which is a necessity of human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position—land, I say, differs from all other forms of property in these primary and fundamental conditions. Nothing is more amusing than to watch the efforts of our monopolist opponents to prove that other forms of property and increment are exactly the same, and are similar in all respects to the unearned increment in land. They talk to us of the increased profits of a doctor or a lawyer from the growth of population in the towns in which they live. They talk to us of the profits of a railway through a greater degree of wealth and activity in the districts through which it runs. They tell us of the profits which are derived from a rise in stocks and shares, and even of those which are sometimes derived from the sale of pictures and works of art, and they ask us—as if it were the only complaint—‘Ought not all these other forms to be taxed too?’

“But see how misleading and false all these analogies are. The windfalls which people with artistic gifts are able from time to time to derive from the sale of a picture—*Misleading analogies.* from a Vandyke or a Holbein—may here and there be very considerable. But pictures do not get in anybody’s way. They do not lay a toll on anybody’s labour; they do not touch enterprise and production at any point; they do not affect any of those creative processes upon which the material well-being of millions depends; and if a rise in stocks and shares confers profits on the fortunate holders far beyond what they expected, or indeed deserved, nevertheless that profit has not been reaped by withholding from the community the land which it needs, but, on the contrary, apart from mere gambling, it has been reaped by supplying industry with the capital without which it could not be carried on. If the railway makes greater profits, it is usually because it

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carries more goods and more passengers. If a doctor or a lawyer enjoys a better practice, it is because the doctor attends more patients and more exacting patients, and because the lawyer pleads more suits in the courts and more important suits. At every stage the doctor or the lawyer is giving service in return for his fees, and if the service is too poor or the fees are too high, other doctors and other lawyers can come freely into competition. There is constant service, there is constant competition; there is no monopoly, there is no injury to the public interest, there is no impediment to the general progress.

“Fancy comparing these healthy processes with the enrichment which comes to the landlord who happens to own a plot of land on the outskirts or at the centre of one of our great cities, who watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing. Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains—and all the while the landlord sits still. Every one of these improvements is effected by the labour and at the cost of other people. Many of the most important are effected at the cost of the municipality and of the ratepayers. To not one of those improvements does the land monopolist as a land monopolist contribute, and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the general welfare; he contributes nothing even to the process from which his own enrichment is derived.”

As Mr. Lloyd George said at Limehouse, on July 30, 1909, “to compare the reward which a doctor gets for his labour with the wealth which pours into the pockets of the landlord purely owing to the possession of his monopoly is a piece of insolence which no intelligent community will tolerate.”

When comparing land and consols, an actual case is instructive. A Manchester citizen named Clarke died in 1792 and left a benefaction to the City in the form of land which then produced £320 a year. Another citizen called Marshall also left land for a charitable purpose, but it was sold for £2250 and the proceeds invested in consols, which in 1792 produced £67 per annum. In 1906

Difference  
between land  
and consols in  
an actual case.

the income from Clarke's land had risen to £3318, while the income from Marshall's bequest still remained £67.

The difference between land and other investments is emphasised in the following recent advertisement of land for sale at Westcliff-on-Sea :

" A number of selected and choice plots. All within easy distance of Westcliff Railway Station, and only a trifle further distant of the new Marine Drive. Within five minutes' walk of beautiful New Chalkwell Park, and abutting on the Leigh Road, with its frequent service of electric cars to and from all parts of the Borough of Leigh. A position without doubt second to none for the immediate erection of houses that will let at from £28 to £38 per annum, for which there is a great and increasing demand. Some of the plots are particularly ripe, and others must become so within a short space of time, affording a safe and improving investment for the small capitalist. Freehold land is a safe, solid, and substantial security, better than stocks and shares. Land at Westcliff must steadily improve in value. There can never be another seaside suburb. Now is the time to buy, while land is cheap."

The following advertisement of a London Land Company, which was placarded in 1904 at the railway stations, is also instructive :

" Whereas during the last three years there has been an estimated shrinkage in Share Investments of £300,000,000, it behoves every one having spare capital to invest to find safer securities, and the best investment now is undeniably Freehold Land. This never shrinks in value, it is ever increasing, and the investment is growing more and more profitable without any effort on the part of the owner. It is as well, however, to buy land in rising localities within easy reach of London, such as where our estates are situated. . . . Our customers come to us again and again. Thousands of them have re-sold their plots at good profits. . . . Several of our estates are within the zone of the projected electric railways, and are likely to be very rapidly enhanced in value. Now is the time to buy."

The object of the Increment Value Duty is to secure for the community a small fraction of the wealth thus created "without any effort on the part of the owner." Every unprejudiced person must agree with Mr. Churchill's statement that " No more

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fair, considerate, or salutary proposal for taxation has ever been made in the House of Commons." As John Stuart Mill said *Political Economy*, Book V., chap. ii. sec. 5):

“Suppose there is a kind of income which constantly tends to increase without any exertion or sacrifice on the part of the owners, those owners constituting a class in the community whom the natural course of things progressively enriches, consistently with complete passiveness on their own part. In such a case it would be no violation of the principles on which private property is grounded if the State should appropriate this increase of wealth, or part of it, as it arises. This would not, properly, be taking anything from anybody; it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearned appendage to the riches of a particular class. Now, this is actually the case with rent.”

On March 8, 1905, the House of Commons, without dissent, passed the following Resolution:

House of Commons' Resolution, 1905, in favour of taxing unearned increment. “That no system of taxation can be equitable unless it includes the direct assessment of the enhanced value of land due to the increase of population and wealth and the growth of towns.”

## CHAPTER II

### THE REVERSION DUTY

**T**HE second of the taxes is the Reversion Duty. This is a tax of 10 per cent. on the value of the benefit accruing to lessors on the termination of leases (excluding leases for 21 years and less). The value to be thus taxed, at the rate of 10 per cent., is the amount (if any) by which the value of the land (including buildings on it and minerals under it) at the termination of the lease exceeds the value at the time when the lease was granted.

Reversion Duty on increase in value at end of lease.

All value added by lessor to be exempt.

Agricultural land exempt.

Allowance is to be made for the value of any works of a permanent character executed by the lessor, and for any compensation payable by him at the end of the lease. Thus the increase in value which will be liable to the tax will be wholly independent of anything done or spent by the lessor.

The duty is not payable in respect of any agricultural land.

There is also an exemption in the case of reversions purchased before 1909, where the lease expires within 40 years of the date of the purchase, and a clause protecting mortgagees who foreclose; and arrangements in the case of the lease being determined by agreement before the expiration of the term, and provisions to prevent Reversion Duty being payable in respect of the same benefit on which Increment Value Duty may have been paid.

Other exemptions and protecting clauses.

#### I. THE NATURE OF REVERSIONS

Evidence was given before the Select Committee on Town Holdings in 1887 as to the nature of reversions and the operation of the law under which at the end of the lease the lessee loses all legal right to the value of his buildings and improvements and the goodwill he has created in connection with the premises, and the landlord comes in for all these and for the

full benefit of the increase in the value of the land which has occurred in the meanwhile without any exertion or expenditure on his part. Instances of hardship to tenants and of the immense windfalls to landlords were given on the Duke of Norfolk's estates near the Strand, London, and in Sheffield, and the Town Holdings Commission. Evidence before the Commission. Portman Estate and the Duke of Westminster's estate in London. The evidence attracted considerable attention, and the daily Press commented on the legal rights of the great ground landlords and the methods adopted by them. The *Standard* advised them "to set their house in order," and another paper urged that merely to give the tenants a right to the value of their improvements would not meet the case, and that in future legislation the relation between the great gains of the landlords and the rights of the public, by whose exertions and expenditure the increased values had arisen, must be considered.

*Lloyd's Weekly* of May 1, 1887, in noticing that the Duke of Norfolk's agent proposed to raise the rent of a tenant, who had spent £3000 on the property, from £150 to £550 per annum, and of another tenant from £270 to £685, said :

"The tenants, of course, are helpless ; if they move elsewhere they have to begin building up a fresh business."

*Punch* of May 7, 1887, contained the following "Catechism for Londoners" :

*Punch's*  
catechism for  
Londoners.

"Q. What is a Premium ?

"A. A Premium is a Latin word meaning 'prize' or 'reward.' In London this reward is given by Landlords to themselves out of the money of incoming Tenants.

"Q. Is a Premium a prize for good conduct ?

"A. Exclusively so. The good conduct consists in allowing Tenants to live in London at all.

"Q. Is the moment when a house is taken the only occasion on which a premium is exacted ?

"A. Not at all. When a lease expires, Landlords, especially Ducal ones (see Mr. Platt's evidence before the Parliamentary Committee), often refuse to renew without a heavy Premium.

"Q. Is it a valid plea to say that this Premium is a repayment to the Landlord for improvements which he has kindly made in the house ?

"A. No ; because the Landlord hardly ever makes any improvements.

"Q. Then, at any rate, Tenants of London houses can always have the advantage of a lease, if they like to pay a Premium for it?

"A. Such is not the case. Some Ducal Landlords now exact Premiums, and at the same time refuse to grant leases.

"Q. Then the Tenant becomes a mere Tenant-at-will?

"A. Unless he prefers to become a Tenant-at-Won't, and leaves the house in disgust.

"Q. Why do not all Tenants adopt the latter system?

"A. Because to leave his place of business may mean to a tradesman the sacrifice of his 'connection,' a fact of which Landlords take full advantage.

"Q. If a Tenant asked his Landlord for compensation for improvements executed by himself, what would the latter do?

"A. Improve him off the estate, probably.

"Q. When a London Landlord destroys at one blow the value of a Tradesman's goodwill, by refusing him a lease, and drives him to emigrate by exacting a 'starvation rent,' what does he call the result to the Tenant?

"A. A happy re-lease.

"Q. What is the theoretical foundation on which Ducal Landlords build their claim to rack-rent all occupiers who 'hold of' them?

"A. That it is entirely owing to their own careful attention and unremitting exertions that the soil of London is now of any value whatever.

"Q. And of what material is that foundation largely composed?

"A. Portland Cement.

"Q. What would the Ducal Monopoly of land and houses in the best situations in London be called in Chicago?

"A. A 'corner in rents.'

"Q. And what would be an appropriate name for the victim of this monopoly?

"A. A *Ground-Tenant*.

"Q. Although the Ducal system of 'improving estates,' by turning out old Tenants and raising the rent to the utmost possible limit, may press hardly on individuals, do not these territorial magnates display a splendid example of public-spirited generosity and self-denying civic virtue which compensates for private loss?

"A. Scarcely."

## II. RECENT EXAMPLES OF VALUE OF REVERSIONS

The famous Gorringe case was referred to by the Chancellor of the Exchequer in his Limehouse speech, and attracted much attention. The *Times* ventured to question the accuracy of the figures given by the Chancellor. On the following day a letter appeared in the *Times* from the Chancellor re-stating the particulars on the authority of the Gorringe Company's papers as filed at Somerset House. This letter finally silenced all question as to the accuracy of the Chancellor's statement. The particulars as given in his letter were as follows :

"Up till the year 1903 the Duke of Westminster had been receiving in ground rents from the Gorringe premises a total sum which did not exceed £350 per annum. The new arrangements comprised

"(1) a new ground rent of £4000 per annum for the site of the old premises ;

"(2) a separate ground rent of £1200 per annum for the site of four additional buildings ;

"(3) a cash fine of £50,000 in respect of the whole transaction ;

"and (4) an undertaking to remodel part of the premises at a further cost of £50,000."

The tenant had built up a great business there ; he could not take it away ; he could not move to other premises because his trade and goodwill were there ; he had no alternative but to accept the terms. If the Budget tax, which will take for public purposes one-tenth of the toll exacted by the Duke, is, as its opponents say, spoliation and robbery, what is to be said of the Duke taking the other nine-tenths, no part of which had been created by his effort or expenditure, but the whole of which had been created by the joint exertions and expenditure of the tenant and the community at large ?

The late Duke of Argyll, referring to the old English Poor Law in his "Unseen Foundations of Society," says : "Any law which gives to one set of men a right to live on the industry and property of others starts of necessity a spirit of idleness and imposture on the one side and not less certainly evokes a spirit of suspicion and

Late Duke of Argyll on idleness and imposture.

resistance on the other." This is true, and applies with equal force to dukes and paupers.

The following is an extract from a letter of advice to British investors, written from America by the late Duke of Marlborough :

"The real value of America is in real estate. . .  
 Late Duke of Marlborough on It is on this real estate of one form and another  
 real estate as an investment. that future unearned increment of value lies. . . .  
 You have an Anglo-Saxon race of sixty millions of  
 people who work like beavers, developing your property and  
 adding to its value every day if you own real estate investments."

The same process has been going on in our own country, but  
 The Dukes on the Budget will do something to remedy it. Con-  
 the Budget. sequently the Dukes are becoming uneasy. The  
 Duke of Norfolk infringed the privileges of the Commons by  
 intervening on behalf of the Conservative candidate at the by-  
 election in the High Peak, where his family hold the land.

Not content with his efforts there, the Duke of Norfolk the  
 other day was pleased to assist, as the guest of Lord and Lady  
 Malmesbury at Heron Court, at a foolish performance described  
 as the burning of the Budget. The other guests included Lord  
 and Lady Alington and the Rt. Hon. Walter Long, M.P. The  
*Bournemouth Echo* said: "Following the speeches and the hoist-  
 ing of the flag of victory the huge bonfire, 24 feet high, was  
 lighted in the presence of the speakers and Lady Malmesbury's  
 guests, and the Budget, in effigy, was burnt."

The Duke of Rutland, speaking at Leicester on July 14,  
 said: "The Finance Bill was the product of Socialists, and  
 if ever there was a body of men destructive to the labour  
 market of this country, it was the Labour Members of Parlia-  
 ment. Personally he would like to put a gag into the mouth of  
 every Labour Member in the country and keep it there." No  
 doubt!

At a "Puppy Walking" at Cirencester Lord Bathurst im-  
 proved the occasion by the usual speech on the Budget, a speech  
 which did not stray beyond the usual complaints and the usual  
 prediction that "a great many men would be turned out of their  
 jobs." Then the local reporter adds:

"This was to have been the end of the speechmaking, but  
 there were loud calls for a speech from the Duke of Beau-  
 fort. Good-humouredly responding to these, his Grace made  
 a short speech. In it there was the inevitable reference to the  
 Budget and its framers. Some one shouted: 'Turn the

Government out!' and his Grace said it would give him great pleasure to see that done. 'I should like,' he concluded, 'to see Winston Churchill and Lloyd George in the middle of twenty couple of dog-hounds.'

The *Daily Telegraph* of December 2, 1902, gave the following particulars of the sale of part of the Kensington Estate:

"A cool half-million as the first bid at an auction is probably unprecedented. Yet such an offer was promptly forthcoming, apparently without exciting a quiver of astonishment, at what proved to be a record sale of metropolitan property which Messrs. Trollope yesterday conducted at Winchester House. The 'lot,' worthy of the notice of Croesus A "lot" worthy of Croesus. himself, was a freehold estate of eighty-two acres in the parish of Kensington, forming part of the property of Lord Kensington. On it stand 1450 town houses, blocks of flats, shops, and other buildings, which at present yield a total annual ground rent of £18,000. When, however, the leases fall in—and the reversions are attained in from thirty-six to ninety years—the fortunate possessor will find himself in the receipt of rack-rents estimated for the purposes of the sale at £177,000 a year. Mr. E. N. Shackle, who occupied the rostrum, was, however, moved to express a doubt whether, in assuming that the rack-rents would prove to be something like ten times the value of the ground rents, the auctioneers had not been altogether too modest. Admittedly the potentialities of the property, which comprises a large portion of the Earl's Court district, are to-day almost as difficult to determine with precision as when, not so many years ago, the land was given over to the peaceful pursuit of market gardening. An opening bid of £500,000 elicited the thanks of the auctioneer, qualified by the subsequent remark that the amount in question did not represent half the real value of the estate. Two offers of £10,000 apiece took Estate sold for £565,000. matters to £520,000, and then by bids of £5000 the figure slowly rose to £540,000, and by further stages of £5000 the bids gradually mounted up to £565,000. Then ensued a pause. 'I shall sell at £565,000,' observed the auctioneer."

Enormous increase in rack-rents—£177,000 a year and still growing.

Land not so many years ago used for market gardening.

The lease of premises in Piccadilly, occupied by an old-established and famous firm identified with the premises, was renewed in Piccadilly, rent June 1909. The expired lease was itself a renewed increased from term of 20 years. The old rent for the land and buildings was £800 per annum. The new rent for the land alone is henceforth to be £1800 per annum, and the lessees are to erect a costly building.

Until about ten years ago Finsbury Circus in London was covered with buildings of a poor class. As the leases fell in, sites of great value fell into the hands of the freeholders, and new lettings at enormous ground rents were effected, which resulted in a complete transformation of Finsbury Circus. Some of the blocks belonged to the City Corporation, and were let on building leases at ground rents, one block £7100 per annum (9s. per foot), another block £17,000 per annum (7s. per foot), another block £18,000 per annum (8s. per foot). These properties, as belonging to a rating authority, would be exempt from duty under the Finance Bill. Another big area was offered for a private owner, and the following particulars are taken from *The Statist* of April 3, 1909:

“The last of these big areas to be dealt with by public auction was one on which the St. Mary’s Chapel, School, and Chapter House were then standing. It had a frontage of about 318 feet to Finsbury Circus, East Street, and Blomfield Street, and occupied a superficial area of about 18,200 feet. This was offered in July 1900 for a private owner.

As had been the case with all the other properties offered in this locality for building purposes, the competition evoked was of a very determined character, the bidding possibly being stimulated by the confident manner with which Sir Whittaker Ellis expressed his opinion that the value of eligible land in the City, although it had increased immensely within the time covered by his experience, was likely to rise still more in future; and he gave sundry notable instances of properties which he had himself sold years ago, and which had since undoubtedly doubled in value; and in the result the site was let on building lease at a rent of £9500 per annum, being more than 10s. per foot.

On May 11, 1909, the site of Old Serjeants’ Inn, occupying

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an area of 16,600 square feet, off Chancery Lane, London, was Old Serjeants' put up to auction on a 99 years' building lease. Inn.

The following descriptive account of its letting is taken from *The Estates Gazette* of May 15, 1909 :

"Probably the rarity of the occasion for renting such an unparalleled site as that of Old Serjeants' Inn, in Chancery Lane, containing 16,600 square feet, accounted for the packed assembly before Mr. J. S. Richardson this afternoon (May 11), but the sale had also aroused the widest public interest. Serjeants' Inn dates back to 1484, and it is on record that in the early part of the fifteenth century it was let at 13s. 4d. per Formerly let annum, a singularly modest rent. The Inn was at 13s. 4d. rebuilt, all but the old dining-hall, in 1837-8 by Sir Robert Smirke, whilst in 1878 the institution was broken up and buildings sold for £57,100 to the late Mr. Serjeant Cox, and his executors now directed the property to be let on building lease for 99 years, the cost of new buildings to be £40,000. Most of the old London inns have lost the halo which once

clung round them, and, like Old Serjeant's Inn, have resolved themselves mainly into questions of site values, and this particular property was put forward as being 'all meat and no bone.' The present rents form no criterion of what may be expected for commercial and professional premises in a well-known law thoroughfare, as the buildings are old-fashioned and more or less out of date.

"Mr. Richardson, whose breezy style and smart business-like manner pleased every one, only just alluded to the historical aspect of the Inn, concluding that bidders had come as business men, to give, if not the value, something approaching it, notwithstanding the depressed times, stress of politics, and Budget complications. No time was spent in debating on the fine position at the best end of Chancery Lane and Fleet Street, the singular value and capabilities of such a remarkable property, as no doubt these were apparent, but it was stated that the lessee would have the option to purchase the freehold at 26 years' purchase. A sum of 6s. per foot might not be considered extravagant in considering the value, but an open-

ing bid of £2000 per annum was offered, equal Site let at £3200 a year : capital value, £83,000, to 2s. per foot. However, there were good bidders present, and Mr. Richardson achieved

compared with a most meritorious transaction in letting the site at  $\pounds 57,100$  32 years ago at  $\pounds 3200$  per annum, Mr. Howell J. Williams, the builder, becoming lessee. The price represents over 5s. per foot, or, at 26 years' purchase, a capital value of  $\pounds 83,200$ , as compared with  $\pounds 57,100$  given for it 32 years ago."

The *Saturday Review* of May 8, 1909, said :

"The accretion of value to the ground landlord during a 99 years' lease has been enormous, especially in London.

The rental of the big West End estates, already enormous, will be multiplied by five in about 20 years, when most of the leases fall in. John Evelyn tells us in his *Diary* that he bought the

Sayes Court property in Deptford for  $\pounds 3600$ , and that he paid  $\pounds 360$  for somebody's mill and ground—say  $\pounds 4000$  in all. The capitalised value of this property in Deptford to-day must be something like half a million sterling. On the basis of capitalised ground rents, the Dukes of Bedford and Westminster will in a few years be as rich as the Astors and the Vanderbilts. There is, of course, no reason why they should not be; but when a man's estate becomes worth  $\pounds 30,000,000$ , and when he spends very little of his time or his money in the town on which he lives, we think that a 10 per cent. reversion duty is reasonable."

At Sheffield practically the whole of the more important part of the city belongs to the Duke of Norfolk, whose predecessors let to people who built steel-works and many other kinds of industrial premises, thus making Sheffield a large and famous town and the land valuable. For some years past these leases have been falling in and enormous values reverting to the Duke.

In South Street and Broad Street Park, Mr. Unwin, a draper, held a lease from the Duke at  $\pounds 5$  1s. per annum. The lease had  $6\frac{1}{2}$  years to run. To secure a renewal Mr. Unwin had to surrender the  $6\frac{1}{2}$  years' unexpired term, accept a lease for 40 years only, pay a rent of  $\pounds 150$  a year instead of  $\pounds 5$  1s., spend  $\pounds 1000$  in improving the buildings, and continue to pay all the rates.

In Birmingham, about four years ago, premises in New Street with an area of 700 yards were re-let and new buildings erected costing about  $\pounds 25,000$ , and the new ground rent was  $\pounds 975$ , just about 14 times the previous ground

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Broad Street : rent. In Broad Street, the Crown Public House fourteen-fold increase in rent was held formerly at a ground rent of £40 per annum. When the lease expired, the lessee offered £400 per annum. It was put to auction and £840 per annum was obtained for it.

The *Nelson Leader* of May 21, 1909, gave the following information about Southport, in Lancashire :

"This is a town which has grown up in the last 60 years. A century ago it was sandhills, sand-grass, and lonely sea-shore. Nobody owned the land at that time, but Southport, Lancashire : when it began to be settled upon the lord of the increase of rent from £2 to £500. manor began to demand a peppercorn rent. In 1843 the Rev. Charles Hesketh bought 4127 acres at £32 per acre, and the late Charles Scarisbrick gave about £38 an acre for 3500 acres. In 28 years the land had gone up in value to such an extent that these two owners were receiving back the purchase-money every four years. Since then leases have fallen in and these have been re-let at fabulous rates.

"One plot of land in Lord Street, with 40 yards frontage and 40 yards depth, was leased originally at £2 on a life lease. This little plot is now leased at £500 a year ; so that land which cost £32 an acre in 1842 is now let on a short lease of 99 years for more than £1500 an acre yearly. This means that the lot in question is returning the purchase-money every nine days ! Another small shop in Southport was let for seven shillings a year on a life lease, and when that fell it was re-let for 99 years at £180 a year. It is said that the ground landlords of Southport are receiving £250,000 a year for the land which 60 years ago they bought for £295,000. In 21 years the Corporation of Southport spent £613,000 of the ratepayers' money in improving the town, and this expenditure, with the other expenditure necessary to a town's existence, enabled the landowners to increase their ground rent from £130,553 to £250,000 in the period."

### III. EVIDENCE OF MUNICIPAL REPRESENTATIVES

At a Conference to promote the Taxation of Land Values, held in Glasgow on October 20, 1899, Alderman Griffiths,

Mayor-Elect of Southport, said: "Last year he took up a lease of land, the original ground value of which was 5s., and for which he was now paying £120 a year. What had produced this value? Industry. The industry of the population had made the entire value."

On the same occasion, Councillor G. Lamb, Mayor-Elect of Bootle, stated that in 1879 the amount raised by rates in Bootle was approximately £9000, and the ground rents paid were estimated at £10,000 per annum. In 1898 the rates amounted to £94,000, and the ground rents were believed to be £100,000.

Councillor Owen Balmforth, of Huddersfield, said: "The Huddersfield Co-operative Society, having built enlarged premises, had to pay Sir John Ramsden £800 for what he called the improved value of the site, before he would renew the site. Certainly the site had improved, but the improvement was due in the first place to the 10,000 working men who had organised themselves in this Co-operative Society, and also to municipal enterprise in making the town more comfortable and convenient for its inhabitants."

Councillor Gill said that in Devonport they lived in the hollow of one man's hand. That gentleman was popularly supposed to derive £40,000, to earn which he did nothing. Why should that income not pay its share of taxation? He concluded by remarking that he was a full-blooded Conservative, but he hoped the Taxation of Land Values would not be made a political question.

Councillor Charles Whiteley, Sheffield, said the managers of a Nonconformist chapel in Sheffield had a lease which was falling out, and when the Duke of Norfolk, the ground landlord, was approached for a renewal, he insisted as a condition that the managers should pay £100 per annum. Recently the Corporation of Sheffield purchased the markets for £520,000. They knew nothing about the value of the land, but they were told that it amounted to £400,000. The annual value at 3 per cent. was thus £12,000. Yet the income from the whole of Sheffield 80 years ago was only £16,000.

Councillor Lathbury, of Burton-on-Trent, declared that he

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also was a Conservative, but he gave his entire support to the resolutions on the programme of the Conference.

Burton-on-Trent : Burton-on-Trent was in the hollow of one man's Conservative hand. A few years ago he drew from it about Councillor for taxing land £10,000 a year; it was now betwixt £60,000 and values. £70,000. That had been made by the industry of the people, and the Town Council thought that that income ought to be taxed.

With such a consensus of opinion of municipal representatives, without distinction of party, it is surely high time that some such moderate step should be taken as the 10 per cent. reversion duty proposed by the Government, to intercept a small portion of the unearned gains of ground landlords. As Mr. Chamberlain said in 1883, "the expense of making the towns habitable for the toilers that dwell in them must be thrown on the land which their toil makes valuable, without any effort on the part of the owners."

## CHAPTER III

### THE UNDEVELOPED LAND DUTY

**T**HE third tax is the Undeveloped Land Duty. This tax is payable yearly by the owner of the land as above defined (freeholder or lessee of lease having more than 50 years to run) at the rate of  $\frac{1}{2}d.$  in the pound on the site value (as above defined, *i.e.*, after deducting the value of permanent works and capital expenditure as above mentioned) of undeveloped land. Land is to be deemed undeveloped if it has not been developed by being built on or by being used *bond fide* for any business, trade, or industry, other than agriculture. The site value of undeveloped land is to be ascertained by valuation in 1909, and in each fifth year following. Where increment duty has been paid, the value on which undeveloped land duty is to be paid is to be reduced by five times the amount paid for increment duty.

Undeveloped Land Duty is not to be charged in respect of any land where the site value does not exceed £50 per acre; and if land exceeds that value and is being used for agriculture (including meadow and pasture land, woodland, market gardens, nursery grounds, and allotments) it is not to be charged so far as the site value of the land is due to agricultural purposes.

Further, land is to be exempt where the owner or his predecessors in title have spent within the previous ten years sums at the rate of at least £100 per acre for the purpose of developing it for building or using it *bond fide* for any business, trade or industry other than agriculture. Land is also to be exempt when it is being kept free of buildings in pursuance of a definite scheme for the development of the area, and it is reasonably

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from buildings necessary in the interests of the public or in view of  
under Town the character of the neighbourhood that it should  
Planning be so kept free from buildings.  
Scheme.

Thus the interests of genuine land-developers are amply safeguarded, and protection is secured for land which it has been decided to keep free from buildings for the public good, whether under a Town Planning Scheme of a local authority or by a Garden City Scheme.

Further, the tax is not to be levied on any parks, gardens, or open spaces to which the public has access, or on grounds  
Exemption for *bonâ fide* used for cricket, football, and other games  
parks and or recreation, where such access and use is for the  
gardens. benefit of the public. Private gardens occupied with a dwelling-house and not exceeding one acre are also exempt, and also grounds not exceeding 5 acres if occupied with a dwelling-house and the site value does not exceed 20 times the annual value of the house and grounds for income tax.

#### I. THE JUSTIFICATION OF THE TAX

The Prime Minister, in his speech on the Second Reading of the Finance Bill, gave his justification of the Undeveloped Land Duty in one sentence: "We say that all land  
Prime ought to be taxed at its proper value; here is land  
Minister's which is not being taxed at its proper value: the  
justification of the tax. object of the Undeveloped Land Tax is to secure that it shall be so taxed."

The Prime Minister's statement shows the absurdity of the suggestion which has been sometimes made that the Government, by making landowners pay their fair contribution, based on the true value of their land, will be penalising any class or laying an unfair burden on any one. Such a suggestion is the very reverse of the truth. It is the present method or basis of assessment of property which exempts unused land, which is anomalous and indefensible. One man puts his property to its full use, as every one should, and he is taxed and rated on the basis of the full rack-rental. Another man has a property of equal value, and puts it to no use, and he is rewarded by exemption from contribution. The case only has to be stated to show its unfairness. However valuable a property may be, if it is put to no use and neglected altogether the owner escapes, and all his neighbours who are

properly utilising the opportunities conferred on them by their properties have to pay up his share in addition to their own. Discrimination in favour of the dog-in-the-manger means an additional burden on enterprise, industry, and thrift.

This is the grievance which the Chancellor is remedying by bringing undeveloped land under contribution on the basis of its true value. It is difficult to see what objection can be taken to this obvious and necessary reform.

## II. THE PRINCIPLE APPROVED BY CONSERVATIVES

The justice and urgency of the reform have been admitted and emphasised even by Conservatives over and over again. On March 11, 1904, Mr. Watson Rutherford, the Tory member for Liverpool, in seconding the motion for the Reading of Mr. Trevelyan's Land Values (Assessment and Rating Bill), said :

“ The Bill had the active support of all the largest municipalities in England. The occupied hereditament was to-day, the sole contributor, and the basis of contribution was the value of the hereditament when let to a tenant. The result was that all local taxes for public improvements, all poor rates, and all that part of Imperial taxation which consisted of inhabited house duty, fell exclusively on the occupied hereditament. The unfair part was that the owner who neglected his property for some ulterior object possibly escaped taxation altogether. He put it as a reasonable principle that every inducement should be given to enterprise and improvement. Let them take three pieces of land of the same size and fronting on the same street. On the first the owner built to the value of £2000, on the second the owner built to the value of £500, and on the third the owner did not build at all, and his land was occupied as a depository for dead cats and old tins. In such a case the Corporation of Liverpool made the road into a fine street, all the improvements being effected at the public expense. Each of these pieces of land was equally benefited by the general outlay under the improvement scheme. Each contained 500 square yards worth about £3 the square yard. The result was that on plot No. 1 the buildings raised the valuation from £1500 to £3500. Plot No. 2 was increased in value to £2000. Plot No. 3,

The Justice  
of the tax  
admitted by  
Conservatives.

Mr. Watson  
Rutherford,  
M.P., argues  
for taxation of  
land values.

remaining unbuilt upon, continued to be valued at £1500. The owner of plot No. 1 was a man of enterprise. He had done something for his city and deserved some consideration and even some favour at the hands of his fellow citizens. But of the taxation falling on these three pieces of land he had to pay seven-eighths. The owner of plot No. 2 paid one-eighth, and the third escaped altogether. Anything more Injustice of present system of assessment. unfair, unjust, or contrary to public policy could hardly be imagined than this condition of affairs which he had thus ventured to describe from personal experience. In the case of city slums the present taxation was trifling, but the sites of these slums were extremely valuable, and became more and more difficult to acquire by sanitary committees; and when the site of one slum was acquired and rebuilt upon the site of other slums was improved in value at the expense of the city generally. The greatest and a most unfair proportion of taxation was contributed by the fully improved property under the present system, and that property at the same time gained less in comparative value later on than the property held back. This Bill suggested a contribution by the speculator in corner lots who was holding his land for a rise. It would be a tax on neglect, on stupidity, and on the want of enterprise. The basis of taxation would be made fair, and those would be brought in to contribute to the taxation who at present unfairly escaped."

Sir Albert Rollit, Conservative Member for South Islington, speaking in favour of the Bill, said: "That this was not a party question was shown by the resolution which was Sir Albert Rollit approves the principle on behalf of the Association of Municipal Corporations. unanimously adopted by the Association of Municipal Corporations, which included all the county and nearly every one of the non-county boroughs, and contained men of all parties. The resolution was in these terms: 'That it is urgent to provide some means by which owners of land, whether occupied or vacant, shall contribute directly to local revenue.' The principle of the Bill," he continued, "was valuation, and he failed to see how valuation, if properly conducted, would give a fictitious value to land as was suggested by the Member for Stretford (Mr. Cripps). Lord Balfour of Burleigh and a minority of the Royal Commission believed it was possible to deal with this matter by valuation, and if the basis was real valuation, it could not be otherwise than fair."

The principle has, in fact, been conceded even by the House

of Lords. They have admitted both its feasibility and its justice.

Principle admitted by House of Lords. On July 7, 1908, the Land Values (Scotland) Bill was read a third time and passed without a division by the House of Lords, including the following provision, which was adopted on the motion of Lord Camperdown during the Report stage: "In the case of land proved to be required in the public interest at the time of valuation for building or industrial purposes, and to be unreasonably withheld from use for such purposes, the (yearly) land value shall be estimated as if such land were in use for the purposes aforesaid." This provision recognises that it is possible, and may be desirable and necessary, to value land on the footing of its being put to a use to which it is not being put at the time. It admits that land may be found to be unreasonably withheld from use for building or industrial purposes contrary to the public interest, and that in such case the proper course is to enter the value of such land as if put to the uses for which it is required. It is true that Lord Camperdown's amendment was carefully framed so as to prevent its working. The entry of the true land value need not

The Lord Chancellor on taxing according to real value of land. be, and should not be, conditional on the land being proved to be required in the public interest for certain purposes, or proved to be unreasonably withheld. As the Lord Chancellor said: "The real point was whether a man was to be taxed according to the valuation of his property. They thought people should be rated according to the property, and not according to their conduct."

The Undeveloped Land Duty will cause people to be taxed "according to their property, and not according to their conduct." It will put the powers of undeveloped property for the first time on something like a fair level with other landowners. Their contribution will be less than they should pay to put them on the same footing as other owners who are paying under Schedule A, as  $\frac{1}{2}d.$  in the pound on the capital value of the site is less than the 1s. 2d. in the pound on the yearly value of land which is being paid by owners of developed property. The levy might well be 1d. instead of  $\frac{1}{2}d.$ , but even the  $\frac{1}{2}d.$  is some approach towards equity. Owners of valuable unused land will no longer escape paying some share, and the deficiency will be reduced which has to be made up by their industrious and enterprising neighbours.

The tax will redress inequality now existing.

### III. HOW THE TAX WILL FREE LAND AND BENEFIT INDUSTRY

Further, the levy on the true value of unused land will be the first step on the straight road leading to the freeing of the land, and therefore the freeing of industry. The valuation of such land will indicate the national sources of wealth and fields of employment which are at present neglected or deliberately closed, and the levy of the tax on undeveloped land at its true value will secure that those sources of wealth shall be freed and those fields of employment opened.

Unused land suitable for houses or industrial undertakings being taxed now for the first time on its true value will become available on easier and juster terms. We shall have abolished the premium which is now placed on inertia and obstruction and speculative greed, and it will no longer be easy and profitable for those who control the land to obstruct industry and restrict employment by refusing altogether to allow development or by demanding prices or rents which are prohibitive. The *Surrey Times* says :

“ Building operations generally in the Hindhead and Grayshott districts will receive a wide impetus if the provisions of the Finance Bill, now before Parliament, become law. Many owners of land, in small and large parcels, who have been standing out for big profit, will be anxious to avoid the new taxes on undeveloped sites, and will be content to accept more moderate profits for a speedy sale, and thus a number of eligible positions will at once become available for building.”

### IV. EXAMPLES OF VALUABLE UNDEVELOPED LAND

Lord Onslow, speaking at Guildford on June 15, 1909, said : “ Land which only yielded a few shillings in rent might in that portion of the country be sold to yield almost as many pounds when the money was invested in securities. He was sorry to say he should feel it his duty to offer a further considerable portion of his property

It will also free the land and free industry.

Premium on inertia and speculative greed will be abolished.

Surrey building land.

Lord Onslow's Guildford estate.

for sale." He added a statement to the effect that this would throw his bricklayers and carpenters out of work. If Lord Onslow gets pounds for shillings, and the purchasers get the land they require at prices they are willing to pay, it is not clear why any sorrow should be felt about this performance of his "duty" by Lord Onslow. The bricklayers and carpenters need not fear the consequences of his selling his land for building. On the other hand, no one proposes to compel Lord Onslow to sell; but while he holds the land, is it unfair to ask that he should pay  $\frac{1}{4}d.$  in the pound on its value?

At Felixstowe there was an acre and a half of land belonging to Captain Pretymán, M.P. The land was "undeveloped," and consequently paid only a few shillings in rates and taxes. Messrs. Tollemache, the brewers, wanted the land for a hotel, and the terms were that they should build the hotel with their money, but let the landowners pass the plans; pay £2000 for the land (£1400 an acre); and pay an extra £500 when the magistrates gave them a licence. If the price asked and obtained by Captain Pretymán was fair and reasonable, would it have been unjust that he should have had to pay  $\frac{1}{4}d.$  in the £ on it? The tax would have come to £5 a year, and would have been remitted the moment the land was allowed to be used.

Near Southampton the extension of the tramway system (e.g., to Portswood and Shirley) has converted wheat-fields and grazing farms into building sites, and rows of occupied houses now stand on land recently utilised for fruit culture and farming. Twenty years ago land lying between Southampton and Shirley belonging to the Atherley Estate was let at £3 per acre. Now the land sells easily at prices ranging from £600 to £1000 per acre. Recently £215 was paid for a building plot of less than one-fifth of an acre.

In Portsmouth 20 years ago a certain piece of land cost £900. Ten years ago it was sold for building purposes for £10,000. Recently the School Board wanted some land for a new school. The price was £1000. Twenty years ago it was worth a paltry £200. To-day in Portsmouth, Goldsmith Avenue, leading to the east from Fratton Station, is altogether vacant on one side and very poorly used on the other. The land is said to be worth £7 to £10 per foot frontage. Land a little way back is

Captain Pretymán's property at Felixstowe.

£1400 an acre.

Building land near Southampton, £215 for one-fifth of an acre.

Vacant land at Portsmouth; values created by tramways.

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worth about £4 or £5 per foot frontage. A piece of vacant land on the north side of the Avenue is worth £7000. The Council is having the rails laid down in Goldsmith Avenue for the tramway system. There is a large area of valuable undeveloped land in the vicinity. There is also a considerable quantity of vacant valuable land between Copnor and North End.

Alderman W. J. M'Lellan, of Rochester, at the Municipal Conference on Taxation of Land Values, held in London in October 1902, said:

"To give you an instance: in Rochester there is a street laid out on one side of the city, and the houses built on one side are rated, but the other side escapes. Then there is another point, and that is the ordinary market value for building purposes. A landlord asks a ridiculous price for it, and is it reasonable that that man should be permitted to keep that for no other purpose than to prevent other people making improvements, so that he may get a larger value for it. I do not wish to multiply instances, but it occurs in our district."

Dr.<sup>r</sup> Fry, Headmaster of Berkhamsted School, said in July 1909:

"Berkhamsted land has increased enormously in value with the last twenty years. There is land here that has, in that time, grown in value from £200 to £1000 an acre. There is land close to our borders paying agricultural rates and letting at a slightly enhanced agricultural rent, which, because it is nearer a railway than other land, is up for sale at from £1000 to £1200 an acre. I do not deny that it is worth that, but I think the very least that could be expected is that it should pay toll to the community which has created the value."

In Temple Fortune Lane, Hendon (near Golder's Green), a piece of land about 1½ acres was sold in 1856 for £300, in 1879 for £220, in 1893 for £160, and in 1909 for £2100. There was once an old shed on the land, which was sometimes used by gipsies for camping in. The road is an old highway, and no expenditure was incurred by the owner for road-making, &c. The increase in value is mainly attributable to the making of tramways and the opening of the Tube Railway.

Hendon: price of plot increases from £160 to £2100.

In West Ham, the change in a few years in the value of land owing to the demand for building may be seen by the following examples taken from the Report of the Outer London Inquiry Committee (Chairman, the Rev. Canon Barnett):

1. In the Plaistow Ward, land with a frontage on a main thoroughfare was sold in 1875 for £925 an acre, and the selling price in 1907 was at the rate of £5550 an acre—in other words, the value had increased sixfold in 32 years.

2. In the Custom House Ward an estate of 6 acres was sold in 1875 for £600, that is, £100 an acre. In 1895 it changed hands for £5400, and roads costing £1000 were laid down in order that it might be taken up in building plots. The price in 1907 was £8500.

3. In the Plaistow Ward an estate of 4 acres was let until 1890 to a market gardener at a rental of £18 per annum. The price asked for it as agricultural land was £540. In 1890 it was sold for £1800 for development as building land; £550 was spent on roads, and it was sold in plots between the years 1893 and 1896. The total amount realised was £6810.

In the large parish of Walthamstow an enormous number of workers have sought and are seeking homes. Special facilities for travelling between their homes and their work have been provided by the Great Eastern Railway Company, and by the system of electric municipal trams which was opened in 1905, and on which the town spent £169,559. The results in land values have been remarkable.

From Hoe Street Station, which is in the centre of Walthamstow, the trams run out in a northern direction along the Chingford Road for about four miles to South Chingford. About a mile or more from Hoe Street Station they pass a site of about 30 acres on the Aveling Park Estate, which, until the trams came, was rated (including a brickfield in the centre) at £150, or £5 per acre. The Walthamstow District Council negotiated with the freeholder for a piece of back land, with a frontage of only about 80 feet on the road, for a tramway. They purchased 2 acres 2 roods 9 perches for £1750, or £675 an acre.

Beyond this piece of land the road runs northward with the electric tramway on it through land on either side which was

Increase of  
values in West  
Ham.

Aveling Park  
Estate:  
municipal  
trams increase  
values.

Land rated at  
£5 per acre  
sold at £475.

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agricultural until the trams came. Now pieces on the front are being sold at about £1300 an acre (£45 to £50 per plot). The road is a county road, with a public sewer, so the owners have had no expenses of road-making or sewerage.

A little behind, more land has been built on, Marten Road running parallel with the Chingford Road. Here the owners had to make a road and connect with the public sewer. This land was sold in plots at £40 each, equal to £1290 per acre.

Between the point where the Council purchased the piece for a tramyard and the above-mentioned frontage land which has been built on, lies the best piece of frontage on the road, which is being reserved for valuable shop plots. The vendor's small house now stands on this land. It is rated at £22 and £10 for some outbuildings.

Behind, there is a large tract of undeveloped land which is now altogether vacant, so that the owner pays no rates whatever. This land abuts behind on Lloyd's Park adjoining (partly given by Lloyd and partly purchased by Lloyd's Park, the town), so that its increased value is due to public expenditure for the park on one side and on tramways on the other. Nevertheless, it contributes nothing.

In the same neighbourhood there is a small estate of about 10 acres, which till recently was rated at £1 10s. per acre, and which has been sold at £700 per acre.

On the west side of Lloyd's Park there is a large piece of land which was rated at about £2 to £3 per acre. The Walthamstow Education Committee purchased a site for a school, 2½ acres, and paid £1500 per acre for it. The land behind is awaiting development, and meanwhile is not rated at all, but could not be purchased under £1000 an acre.

At Higham Hill 20 acres belonging to Charity Trustees and used as agricultural land is rated at £2 per acre. The Education Committee of Walthamstow, requiring the site for a school, and being unable to buy, have taken a lease of 3 acres of the land for 999 years at £60 a year, equal to £20 a year per acre, while the land is still standing in the rate book at £2 per acre. A contract has just been entered into for building the school, which is required owing to the growth of

the district. The increased value of this piece of land was due solely to the growth of the population and the need of a public school. Not a penny has been spent by the owner on roads or development of any kind.

A piece of undeveloped land near the tramway, 14 acres, was formerly in occupation as agricultural or pasture land, and was rated at £46, or £3 5s. per acre. Five years ago it was purchased and has been unremunerative to the parish ever since, although in consequence of its abutting on the tram line it could not now be bought under £1000 an acre.

Out of the total acreage (4355) of the Parish of Walthamstow it is reckoned that 1426 acres are undeveloped land, and that of these 1426 acres about 500 acres, although ripe for development, are marked as vacant in the rate book and pay no rates whatever.

At Brockenhurst in the New Forest there is an estate of 1000 to 2000 acres. The owner refuses to sell, and is trying to get £50 per annum. The County Council were asked by him £20 a year for an acre for a school. No land has been sold for less than £400 an acre for some years.

Land near Forest Row in Sussex is in great request. None has been sold recently for less than £100 an acre. It is now let at very low rents. £300 an acre was paid for a piece of back land for drainage purposes. Near the golf links the price runs to £500 an acre.

The Stanmore (Middlesex) estates of the late Mr. Frederick Gordon, comprising a mansion and some 800 acres, were sold for £275,050 at Tokenhouse Yard on June 14, 1909. This is about £340 per acre, and the estate is in a comparatively undeveloped condition.

On December 3, 1908, Alderman Gwyn, a Conservative and Chairman of the Finance Committee, submitted to Ramsgate Town Council his report for the half-year. The rateable value of the town had decreased. The old buildings were depreciating, and no new properties of any value had been erected. Two landlords owned the land on either side of the town, and both absolutely refused to give sites for building on the front, facing the sea. This had continued for 12 or 14 years. "They saw sometimes," he said,

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"when going about, this valuable land ripe for building purposes. . . . The land they had in their minds was dead ripe and over-ripe, and really ought to be dealt with. It was a very great question for this town."

In Folkestone, one landlord owns more than half the borough and much of the land adjoining the borough. The Corporation has borne the whole cost of the large number of new streets; also of a marine garden, and a park of 20 acres. These have largely increased the value of property in Folkestone. There is much overcrowding in the poorer parts of the town owing to the high ground rents. In 1898 it was estimated that about 1400 acres were being held vacant in the neighbourhood.

In West Somerset, Mr. Penny, at the December (1908) meeting of the Watchet District Council, seconded a resolution West Somerset in favour of petitioning the Government to include a land held up tax on land values in the Budget of this year. He said he knew of no town in England where such a proposal, if carried into effect, would do more good than in Watchet. They saw building sites held up for years without being properly laid out, and he considered that the town had been kept back as a result. He hoped that the principle would become law and Watchet benefit by it.

In Bradford a Mr. Gaunt paid £19,500, at the rate of 3s. a yard, for 27 acres of building land between Barker End Road and Harewood Street. The land was rated at £1 per acre at the time of the purchase, and Mr. Gaunt, or the owner of the land, paid £4 2s. in rates. If it had been a mill worth £19,500, there would have been paid upon it something like £400 a year in rates. The mill-owner would be heavily taxed for giving employment and benefiting the city. The landowner, who sleeps and enjoys himself while the people of Bradford make his land valuable, is rewarded by exemption from taxation.

In Accrington four or five acres of land are transformed yearly from agricultural land to streets of houses or other buildings. The following are typical cases of the process of increment in the value of land side by side with steadily increasing rates mainly for sanitary purposes:

In 1886 twelve acres of land known as Midjicks, lying between

Burnley Road and Avenue Parade, were sold for £330 an acre.

Rent rises from £2 ss. to £47 an acre. As pasture land this small estate was capable of paying £2 ss. an acre. Four years later it was being leased at 2½d. per yard for building purposes, with the result that in the short space of six years the landowner's rent increased from £2 ss. to £47 per acre.

Up to 1880 the Antley Estate was farm-land capable of producing £3 an acre to the owner. In 1881 the land in Hyndburn Street was leased for building at 2½d. per yard, and in 1890 land in Empress Street was leased at 3d. per yard.

Steiner's Estate, comprising 36 acres of land, owned by the trustees of the late F. Steiner, was offered for sale at £30,000 many years ago, but since 1887 it has contributed nothing to local rates until such times as portions of it have been leased for building upon at prices varying from 8d. to 2½d. per yard.

Oak Hill Estate, purchased by the Accrington Corporation for £9591, to be used as a public park, had been for many years previously unbeneficially occupied, and the total rateable value to the general district rate was £5 ss. 6d. in respect of land used for grazing, and £5 10s. for a small cottage attached.

At Harrogate, Alderman Fortune, speaking on the Taxation of Land Values, instanced the Opera House site. Twenty years previously it could have been bought for 5s. a yard, but it was sold for £5 a yard, and during the whole of that time paid no rates. Harlow Moor and plots near the Station and Conservative Club were given as other examples. He said those properties ought to be rated on the value put upon them. He remembered the land called Valley Drive being let at £1 per acre; at the present time it was let at £141 per acre.

Speaking in the House of Commons on February 19, 1903, on an amendment to the Address on the Housing Question, Sir Hudson Kearley said:

“Round Devonport, and many large towns, thousands of acres of land were held up by the owner to secure a better price. The remedy much needed for such a state of things was to tax the land at its proper value.”

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Councillor H. Whitfield of Devonport, in an address delivered in 1904 to the members of the Mercantile Association, said :

“ We could have no more conspicuous example of the evil than Devonport has supplied. The town was surrounded by magnificent building sites let out to agricultural purposes. But for generations the policy was pursued of holding up the land for future values.

Councillor  
Whitfield on  
holding up of  
land.

Two hundred years ago the Secretary of the Admiralty Department complained that, although the estate of Stoke Damerel had been immensely advantaged by the construction of a dock, the owners would not sell sites to enable workmen's houses to be built. And so, from the very beginning, the policy was pursued of doling out land whilst the inhabitants were packed in squalid houses. Many of you know better than I do for what depression of trade and for what social consequences that policy of restriction has been responsible. Those colossal evils have been due to the failure of successive Parliaments to tax land values.

Land doled  
out while  
inhabitants  
packed in  
squalid houses.

“ In other words, land was let to farmers at £5 per acre and rated at £5 per acre, which the moment the pressure could no longer be withstood—that pressure of house £5 an acre sold at £1200. manifest ten years ago—was sold at £1200 per acre. The land unloosened since that time and the aggregate realised by the owners has been simply prodigious. Thus, whilst the people were condemned to all the terrible effects of herding at extortionate rentals, when the boom came, the boom that was to add so unjustly and inordinately to the wealth of one man, the land was sold at a premium that still rendered reasonable rentals impossible, and to-day there are hundreds of new dwellings lying unoccupied for that reason, whilst the overcrowding problem is still in need of solution. Indeed, we have an instance of the overbearing nature of this privilege recorded in to-day's local papers. Not many years ago the Devonport Corporation wanted land for the purpose of building a fever hospital. The land—agricultural land—was sold them for £500 an acre. The growth of the town and the dangers arising from the cramped conditions in which the masses live have rendered inevitable the extension of the Infectious Disease Hospital. What do the Manor authorities ask for the adjoining acres which also are let for agricultural

purposes, at about £5 per acre, and that for land which has practically escaped all real burdens? A sum of £1491 per acre demanded for the land for hospital. the Manor if at any time it was proposed to use it for any other purpose."

The *Daily News*, August 3, 1909, says:

"Since the introduction of the Budget there has been quite a revival of the building trade in Willesden. Several estates have now come into the market, and more houses are being built than for many years past. The District Council have approved plans for between 200 and 300 houses during the past few weeks, and have just sanctioned the erection of another 80. One of the largest local landowners has also offered to the Council 30 acres of grass land at the low price of £600 per acre, for use as a recreation ground, which has been accepted."

Budget and building : beneficial effects in Willesden.

## V. THE JUSTICE OF THE TAX

Mr. Winston Churchill, in his speech at Edinburgh, summed up the case for the Undeveloped Land Duty as follows:

"Take the case to which I have already referred of the man who keeps a large plot in or near a growing town idle for years while it is ripening—that is to say, while it is rising in price, through the exertions of the surrounding community and the need of that community for more room to live. Take that case. I daresay you have formed your own opinion upon it. Mr. Balfour, Lord Lansdowne, and the Conservative party generally think that that is an admirable arrangement. They speak of the profits of the land monopolist as if they were the fruits of thrift and industry and a pleasing example for the poorer classes to imitate. We do not take that view of the process. We think it is a dog-in-the-manger game. We see the evil, we see the imposture upon the public, and we see the consequences in crowded slums, in hampered commerce, in distorted or restricted development, and in congested centres of population, and we say here and now to the land monopolist who is holding up his land—and the pity is it was not said before—you shall judge for yourselves whether it is a fair offer or not—we say 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.' And the Budget proposes a tax of a halfpenny in the pound on the capital value of all such land ; that is to say, a tax which is a little less in equivalent than the income-tax would be upon the property if the property were fully developed. That is the second main proposal of the Budget with regard to the land, and its effects will be first to raise an expanding revenue for the needs of the State ; secondly, half the proceeds of this tax, as well as of the other land taxes, will go to the municipalities and local authorities generally, to relieve rates ; thirdly, the effect will be, as we believe, to bring land into the market, and thus somewhat cheapen the price at which land is obtainable for every object, public and private, and by so doing we shall liberate new springs of enterprise and industry, we shall stimulate building, relieve overcrowding and promote employment."

The Royal Commission on the Housing of the Working Classes as long ago as 1885 reported in favour of a tax on undeveloped land as follows :

"At present, land available for building in the neighbourhood of our populous centres, though its capital value is very great, is probably producing a small yearly return until it is let for building. The owners of this land are rated, not in relation to the real value, but to the actual annual income. They can thus afford to keep their land out of the market, and to part with only small quantities, so as to raise the price beyond the actual monopoly price which the land would command by its advantages of position. Meantime, the general expenditure of the town on improvements is increasing the value of their property. If this land were rated at, say, 4 per cent. on its selling value, the owners would have a more direct incentive to part with it to those who are desirous of building, and a two-fold advantage would result to the community.

"First, all the valuable property would contribute to the rates, and thus the burden on the occupiers would be diminished by the increase in the rateable property.

"Secondly, the owners of the building land would be forced

Royal  
Commission  
recommends  
taxation of  
undeveloped  
land on selling  
value.

## THE UNDEVELOPED LAND DUTY 47

to offer their land for sale, and thus their competition with one another would bring down the price of building land, and so diminish the tax in the shape of ground rent, or price paid for land which is now levied on urban enterprise by the adjacent landowners, a tax, be it remembered, which is no recompense for any industry or expenditure on their part, but is the natural result of the industry and activity of the townspeople themselves.

“Your Majesty’s Commissioners would recommend that these matters should be included in legislation when the law of rating comes to be dealt with by Parliament.”

## CHAPTER IV

### THE MINERAL RIGHTS DUTY

**T**HE last of the taxes is the Mineral Rights Duty. This is to be levied annually at the rate of 5 per cent. on sums received by owners for the right to work minerals (dead-rents and royalties) and for wayleaves, &c. Where the owner works the minerals himself he is to be charged on what he might have received if he had let the minerals.

At the Annual Conference of the Scottish Miners held in Edinburgh on December 30, 1908, Mr. William Galbacher urged the taxation of mineral royalties. He said the value of the annual output of coal in this country was estimated at £120,000,000, and of that nearly £10,000,000 was taken by the landlord in royalties. The injustice of the present position was such that he thought a body of opinion could be raised as would carry a Bill of that kind through the House of Commons. Mr. Joseph Sullivan said he would put it this way. Supposing the Duke of Buccleuch, as successor of a lot of robber Barons, and Lord Rosebery—supposing these gentlemen erected toll-bars round Edinburgh and charged a tax of 8*d.* to 10*d.* a ton on all coal going into Edinburgh, what a row there would be. Yet that was being done, but in such an insidious way that the public did not realise it.

Mr. Lloyd George said at Limehouse: "The landlords are receiving eight millions a year by way of royalties. What for? They never deposited the coal there. It was not they who planted these great granite rocks in Wales. Who laid the foundations of the mountains? Was it the landlord? And yet he, by some divine right, demands—for merely the right for men to risk their lives in hewing these rocks—eight millions a year!"

The burden of royalties on the mining industry may be estimated as follows :

The burden of royalties on the mining industry.	On every ton of iron-ore brought to the surface . . . . .	2s. 6d.
	On every ton of coal brought to the surface . . . . .	9d.

(These sums vary in different localities, but the above figures may be taken as the average.)

To yield one ton of pig-iron, two tons of ore are required, and two tons of coal are used in the process.

Two tons of iron ore at 2s. 6d.	=	5s. 0d.
Two tons of coal at 9d.	=	1s. 6d.

Limestone also is used and a special kind of brick. These also pay royalty.

Add payment for wayleaves, and it appears that when one ton of pig iron has been produced there has been paid in royalties about 7s.

To turn this ton of pig-iron into steel, another two tons of coal are required, on which the royalty is 1s. 6d. It takes more than a ton of pig-iron to make a ton of steel rails, and in this latter process other materials, such as limestone, firebrick and ganister are employed, which also pay royalty ; so that the total royalties paid to produce one ton of steel rails come to about 10s.

An illustration has been given to show the reward of monopoly as contrasted with the wages of industry.

When the *Lusitania* is under full steam she consumes (according to the *Shipping Gazette*) 70 tons of coal per hour, or 1680 tons per day of 24 hours. Royalty on the best Welsh steam coal in some cases amounts to 1s. 3d. per ton, but say for the purpose of this calculation 1s. per ton, so that on a consumption of 1680 tons the landowner receives £84 a day. How does that compare with the daily wages of the entire stoke-hole crew ?

Royalties payable for one ton of steel rails 10s.

Royalty and wages on a trip of the *Lusitania*.

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120 coal trimmers (each £4 10s. a month=3s. a day)	per day	18	0	0
192 firemen (each £5 a month=3s. 4d. a day)	per day	32	0	0
21 greasers (each £5 10s. a month=3s. 8d. a day)	per day	3	17	0
Total wages of 333 labouring men		53 17 0		

The royalty on coal consumed in one day, £84, thus amounts to £30 3s. more than the total wages paid to 333 men.

The passage from Liverpool to New York occupies five days ; allowing an equal period for return the round trip will occupy ten days, and the coal consumption will be 16,800 tons.

Royalty on the round trip (16,800 tons at 1s. a ton), £840.  
Wages on the round trip :

120 trimmers	£180
192 firemen	320
21 greasers	38 10s.

Total wages paid to 333 men . £538 10s.

The royalty paid to one man exceeds the wages of 333 men by £301 10s.

Running through Tredegar Park, near Newport, Mon., is a mile of railway, whereon the owner of the Park has a right to levy a toll upon coal, iron ore, and other minerals.

The Park Mile at Tredegar yields £13,000 per annum. The land on each side is only of agricultural value, but the Park Mile, called the "Golden Mile" by reason of the tolls levied, yields the owner an income of about £13,000 per annum. It is the outlet of a mineral district, annually increasing in value owing to the sinking of new collieries, and in 1907 it was stated before a Parliamentary Committee that Lord Tredegar then received from the Park Mile £12,300 per annum in respect of these tolls.

The Royal Commission on Mining Royalties in 1893 reported as follows :

"Witnesses examined on behalf of the working miners expressed the opinion that royalties and wayleaves, where fixed in amount, are often so high that in depressed times, when coals fall greatly in price, the royalty owner continues to receive his full royalty, whilst the

Royal Commission evidence that exaction of

royalties re-  
duces wages,  
causes strikes,  
and closes  
collieries.

miner suffers from a reduction in wages, or a closing of mines, their efforts to avert any reduction sometimes taking the form of a strike.

“ Mr. Cowey of Yorkshire, for instance, states :

“ ‘ It has been my fortune or misfortune in many instances to attend deputations betwixt men and owners, and the owners’  
Evidence from Yorkshire. case has been this: You will either have to take a reduction or these collieries will have to stand; and the invariable reason has been the cost of royalties, wayleaves, and other things—that has been their answer. In many instances where they were cutting down, we know that those collieries were very hard put to it, and were constantly preasing and cutting down wages by every means possible, and that brought about ruptures and disturbances with the workmen.’

“ Similar evidence was given as regards Lancashire, Cannock Chase, and South Wales. Mr. Cowey also stated that owing to the depression of the coal trade in Yorkshire

Evidence from  
Lancashire and  
South Wales.

in 1888 a reduction in wages of from  $7\frac{1}{2}$  per cent. to 10 per cent. was accepted by the miners, and Mr. Evans referred to a colliery in South

Wales where the men made a concession equal to  $7\frac{1}{2}$  per cent. It was stated that when the miners refused to accept a reduction, the result was a strike—for instance, in Yorkshire, in Lancashire, in Cannock Chase, and in Cumberland. In some cases it was stated that the mine was closed—for instance, in Durham, in Northumberland, in Yorkshire, and in Lancashire.

“ It was urged that the closing of mines not only throws the miners out of work in such mines, but also increases the competition for employment and tends to reduce wages. It was also urged that if in the instances mentioned the royalty had been reduced, wages would not have fallen, strikes would have been avoided, and collieries would not have been closed.”

Surely it is high time that such a small tax as 5 per cent. should be levied on these huge tolls received in return for no service or expenditure or risk, and exacted in some cases with such disastrous results.

## CHAPTER V

### THE METHOD AND NECESSITY OF LAND VALUATION

**A**S regards the method of putting the New Land Value Taxes into operation, the Chancellor of the Exchequer, in his Budget Speech, said :

“These proposals necessarily involve a complete reconstruction of the method of valuing property. The existing taxes upon real property are levied upon the annual value of such property as a whole without distinguishing between the value which resides in the land itself and that which has been added to it by the enterprise of the owner in erecting buildings or effecting other improvements. Even apart from this the methods of valuation vary in different localities, with the result that the incidence of existing burdens is very uneven. It becomes necessary, for the purposes both of the increment value duty and of the undeveloped land duty, to distinguish between the two elements in the value of real property, while as the increment value duty and the reversion duty will both of them have to be collected from the particular interests to which these accretions respectively accrue, a complete register of the owners and other persons interested in land, with full details of the various interests, will ultimately be required. The preparation of such a register will be a lengthy task, which must in the main be proceeded with as each separate property comes under taxation, but the question of valuation is of greater urgency, and it will therefore be necessary to provide machinery for a complete valuation on a capital basis of the whole of the land in the United Kingdom.”

Mr. Churchill said, at Edinburgh :

“We shall obtain a complete valuation of the whole of the land in the United Kingdom. We shall procure an up-to-date

Doomsday Book showing the capital value, apart from buildings and improvements, of every piece of land."

Mr. Lloyd George, Chancellor of the Exchequer, speaking at Limehouse, on July 30, 1909, said :

" We mean to value all the land in the Kingdom. And here you can draw no distinction between agricultural and other land, for the simple reason that East and West Ham was agricultural land a few years ago."

## I. HOW LAND WILL BE VALUED

For the purpose of the taxes it is undeniably necessary to secure a universal valuation forthwith. The basis for the levy of the Increment Tax wherever it may become due must be laid by valuing all land at once. The Commissioners of Inland Revenue are to cause a valuation to be made of all land in the United Kingdom, each piece of land which is separately occupied being separately valued, and, if the owner requires, any part of such being separately valued. Owners will be required to furnish returns showing the rent received by them and any other particulars which the Commissioners may want and which it is in the owners' power to give, and the owner may, if he thinks fit, furnish to the Commissioners his estimate of the value of the land, which the Commissioners shall consider.

The Commissioners will serve on the owner a copy of their provisional valuation, and unless objection is taken, it will be adopted for the purposes of the Act. If the owner considers that the valuation is not correct, he may give notice of objection to the Commissioners, stating the amendments he desires ; and if the Commissioners amend the valuation so as to be satisfactory to the objector, the amended valuation will be adopted. If the amendment is not satisfactory to the objector, he may give notice of a reference. The reference is to be heard by a Referee who will be appointed out of a panel of experts by an independent Reference Committee consisting of the Lord Chief Justice, the Master of the Rolls and the President of the Surveyors' Institution. The Referee will determine the matter in consultation with the Commissioners and the Appellant and may, if he thinks fit, make an order for payment of expenses by the Commissioners or by the Appellant. Any person aggrieved by the decision of the Referee may appeal to the High Court as directed by Rules

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of Court. The machinery proposed will, it is hoped, enable any disputed cases to be decided to the satisfaction of the parties without involving for the most part the expenses of formal hearing with counsel and witnesses before the Court. The result will be that we shall have a complete, uniform, impartial valuation of all land in the United Kingdom, made with the privity and assistance of owners, and with all the skill and experience which the great national tax office can command, guaranteed by a right of reference to an impartially appointed expert, and a right of appeal to a judge of the High Court.

With regard to the constitutional right to a revaluation of land for a land tax based on the true value, it may be of interest to recall that the question was raised by the Council of the National Anti-Corn-Law League. They submitted a case to counsel, and obtained an opinion that such a constitutional right did exist; and they published a pamphlet in 1842 setting out the case and opinion.

Richard Cobden, speaking at Derby on December 10, 1841, said:

“When I look into the question of the land tax from its origin to the present time, I am bound to exclaim that it exhibits an instance of selfish legislation secondary only in audacity to the corn law and provision monopolies. Would you, gentlemen, who have not looked into the subject—but go home and study it, I entreat you—would you believe that the land tax, in its origin, was nothing but a commutation rent charge to be paid to the State by the landowners, in consideration of the Crown giving up all the feudal tenures and services by which they held the land? Yes, exactly 149 years ago when the landed aristocracy got possession of the throne in the person of King William, at our glorious revolution they got rid of all the old feudal tenures and services . . . which yielded the whole revenue of the State; and besides which the land had to find soldiers and maintain them. These incumbrances were given up for a *bonâ fide* rent charge upon the land of four shillings in the pound; and the land was valued and assessed, 149 years ago, at nine million a year; and upon that valuation the land tax is still laid.

“Now, you gentlemen of the middle classes, whose windows are counted, and who have a schedule sent you every year, in

National Anti-Corn-Law League claimed revaluation as a constitutional right.

Richard Cobden on land valuation and taxation.

which you are required to state the number of your dogs and horses; and you who have not window and dog duty to pay, but who consume sugar, and coffee, and tea, and who pay a tax for every pound you consume—I say to you, remember that the landowners have never had their land revalued from 1696 to the present time. Yes, the landowners are now paying upon a valuation made just 149 years ago. The collector who comes to you to count the apertures through which Heaven's light enters your dwellings, who leaves you a schedule in which to enter your dogs, horses, and carriages, passes over the landowner, leaves no schedule there in which to enter last year's rent roll under certain penalties; but he takes out his old valuation, dated 1696, and gives the landlord a receipt in full, dated 1841, upon the valuation made a century and a half ago. I say we are indebted to Sir Robert Peel for calling our attention to this subject.

"I exhort the middle classes to look to it. It is a war on the pockets that is being carried on; and I hope to see societies formed calling upon the legislature to revalue the land, and put a taxation upon it in proportion to that of other countries, and in proportion to the wants of the State. I hope I shall see petitions calling upon them to revalue the land, and that the agitation will go on collaterally with the agitation for the total and immediate repeal of the corn laws, and I shall contribute my mite for such a purpose. There must be a total abolition of all taxes upon food, and we should raise at least £20,000,000 a year upon the land, and then the owners would be richer than any landed proprietary in the world."

## II. THE NECESSITY OF VALUATION FOR HOUSING AND TOWN-PLANNING

With regard to the probable effect of the Housing and Town Planning Bill standing by itself, Mr. Asquith, in the House of Commons, on May 12, 1908, stated that "the Government were quite as alive as his hon. friends were to the necessity of accompanying this by legislation for a proper system and method of valuation." Again, speaking to the National Liberal Federation at Birmingham, on June 19, 1908, Mr. Asquith referred to the Bill, and said: "I agree with those who think

Mr. Asquith on  
necessity of  
valuation:  
complete  
reconstruction  
of rating system  
required.

that its necessary complement is a complete reconstruction of our valuation and rating system."

In this connection it must be remembered that, besides the public Acts for the Housing of the Working Classes, we have in our large towns City Improvement Acts and Housing Schemes in operation, under which Corporations have tried to build down to the effective demand of low-paid labour, and, very naturally, under present conditions, have failed in the attempt. Chief among those present conditions—the predisposing causes of bad housing—is the present system of assessment, which exempts from rates and taxes unused land, however much it may be in demand, and piles the whole burden on occupied premises. While those conditions remain, municipalities and Governments contend in vain with the problem. The attempt to deal with it under present conditions is, in fact, being abandoned.

The Corporation of Glasgow, in 1902, sought power to purchase 50 acres of land either within or beyond the City, and to borrow £750,000 for the purpose of providing houses for the poorer or labouring classes. An inquiry was ordered by the Secretary of State for Scotland into the Provisional Order promoted by the Corporation. The inquiry was held by the Commissioners in Glasgow, and evidence in support of the scheme was given by the Corporation officials. The Chairman of the Commissioners, the Right Hon. W. E. Macartney, M.P., gave the decision of the Commissioners by saying: "The Commission finds the preamble of the Order, so far as applicable to the acquisition of additional land, not proved." The Commissioners authorised the Corporation to borrow a sum not exceeding £150,000 to complete the purposes of an Act of 1897, but they refused to give any borrowing powers for the new housing scheme.

Meanwhile the evils remain. On November 6, 1908, 21 cases of overcrowding were taken before a Glasgow magistrate. One case was that of a man in whose house of two rooms the sanitary officers found 19 persons, 8 adults and 11 children. On November 24, 19 cases were heard before the Court. Here there was one case where 13 persons, 7 men and women and 6 children, were found trying to spend the night in one room. On December 6, 24 cases were brought up, and again on January 22, 1909, 15 cases were heard, with the most revolting details. Land on the out-

Municipal attempts to deal with housing thwarted.

Glasgow schemes abandoned.

Overcrowding continues.

skirts of Glasgow is frequently feued at £100 per acre per annum, which was previously yielding £2 to £3 per annum.

At a meeting of the Glasgow Town Council, held Thursday, November 19, 1908, the following resolution was adopted by 30 votes to 14 :

“ Looking to the fact that the Corporation of Glasgow have on several occasions, approved of the principle of the Taxation of Land Values, and looking to what has occurred in Parliament in connection with the matter, the Corporation resolve to petition the Government to include in, or in connection with, the next Budget the provisions necessary to give effect to the principle of the Taxation of Land Values.”

Glasgow Town Council approves taxation of land values in Budget.

### III. MUNICIPAL HOUSING IN LONDON

The experience of London with regard to municipal housing corresponds with that of Glasgow, and indicates a similar failure owing to the present economic position with regard to rent. At first the housing schemes undertaken by local authorities in London were chiefly for the rehousing of the population displaced by public improvements or the clearance of insanitary areas. Those schemes resulted in little or no rehousing in the sense of the persons displaced occupying the new dwellings in the areas. In the case of the Blackwall Tunnel, the works displaced 1210 persons, and housing close by was provided for 1104 persons; but only nine of the original occupants availed themselves of the new dwellings. In the Boundary Street area, Bethnal Green, out of 5719, only 11 persons. In the Falcon Court scheme, out of 800 displaced, only 40 of the 500 provided for were original occupants. The public authority buys up slums at exorbitant prices (land excessively dear because it had been excessively crowded), pulls down the houses, and builds new and healthy ones. But the slum-dwellers do not return to the municipal houses; they go elsewhere and create other slums. There is evidence showing that the degeneration of what were once decent six-roomed houses in West Ham is partly due to the influx of people driven out of London by the improvements there. Meanwhile, the new houses have been built on land for which so much has been paid that the municipality must either charge a loss upon the

London's housing difficulties.

High prices paid for insanitary areas. Old inhabitants not rehoused.

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rates for the benefit of the tenants, or fix the rents so high that the poor cannot possibly pay them. The London County Council has charged enormous losses upon the rates, and yet the rents in the Council's tenements are higher than the poorer classes can pay.

The method adopted for charging the losses upon the rates, and yet to make it appear to a casual inquirer that the housing schemes are paying their way, was to "write down" the value of the land "for housing purposes." That is to say, in the housing accounts the price that was actually paid for the land was not put down among the expenses, but an arbitrary figure was inserted, which was supposed to represent the value of the land "for housing purposes." The difference between the price actually paid for the land and the fictitious value entered in the housing accounts was charged to some other account, and paid for out of the general rates. Thus the low rents charged under the Clare Market Scheme were said to involve no charge on the rates, but this result was only arrived at after writing down the value of the land from £80,000 to £10,000. Sir John Dickson-Poynder, M.P., L.C.C., said, in 1902, at a Conference called by the Land Reform Association, that the last 25 years' operations in improvements and clearances "have involved a net irrecoverable loss to the ratepayers of London of no less a sum than £1,206,000, arrived at by this artificial operation of writing down the values."

Subsequently, a different policy was adopted by the London County Council, namely, that of buying land on the outskirts and building upon it. The idea was to buy the land cheap, and make it accessible by tramways, and build up healthy suburbs. They bought 225 acres at Tottenham, at £400 per acre. It was proposed to house 42,500 persons. The estimated cost of erecting the cottages, providing the roads, &c., was £1,530,858. On the other hand, the estimated sum available, after allowing for the cost of the land, interest and sinking fund charges, and all outgoings, was £1,521,800, leaving a deficiency of £9058. Any increase in expenses, owing to a rise in the cost of labour or materials, or to delay in development, might seriously increase the deficiency.

The frontal attacks by municipal authorities in the shape of land-purchase and municipal housing must continue to fail while the present conditions remain. An indisputable preliminary to success is the sapping and mining which would be effected by

Scheme for  
building at  
Tottenham.

Transferring some of the burden of rates and taxes from occupied hereditaments on to valuable undeveloped land. Taxation of land according to true value an indispensable preliminary. To bring down the price of land to a fair level by taxing it on its true value, and to lessen the cost of the occupation of houses by lightening the rates and taxes now levied on occupancy is the true housing policy, which would enable local authorities to build and let cheaply without burdening the ratepayers, and would tend generally to reduce the cost and increase the supply of house accommodation everywhere.

#### IV. VACANT LAND IN LONDON SUBURBS

It is well known that there are large areas of vacant land available for building in the suburbs. Mr. Alfred Smith, formerly Chairman of the Housing Committee of the London County Council, in his book "The Housing Question" (published in 1900), stated that one-fifth of the land within the boundaries of the County of London was vacant land. Why have existing buildings been crowded together as we find them in London to-day, instead of being spread over these thousands of acres of unused land? Because while vacant land is free from taxation, directly a building is erected and occupied, a burden of something like 40 per cent. of its annual value is imposed in the shape of rates and taxes. Is it any wonder that builders fear to take land under such conditions? They cannot do so with any hope of profit unless the standard of rent is high enough to meet this burden in addition to yielding them a fair return on their outlay. Thus the supply of houses is restricted and the standard of house-rent increased and overcrowding made prevalent and chronic. Under the present system it is not the land or the value of the land which is charged, but the use of the land or the value of such use. The fact that unused land escapes its just burdens is one of the causes which tend to keep it out of use. But it is also true that the crushing burdens imposed as soon as the land is built on and occupied tend to delay and prevent building. Healthy expansion and a reasonable standard of rent are impossible under the present system. In the words of the Minority Report, signed by Lord Balfour of Burleigh and others, of the Royal Commission on Local Taxation:

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“ There is a strong argument for rating site values on the ground of public policy, regard being had to the effects of taxation on industry and development. Our present rates indisputably hamper building. Buildings are a necessary of life, and a necessary of business of every kind. Now the tendency of our present rates must be generally to discourage building—to make houses fewer, worse, and dearer. Anything which aggravates the appalling evils of overcrowding does not need to be condemned, and it seems clear to us that the present heavy rates on buildings do tend to aggravate those evils, and that the rating of site values would help to mitigate them.”

Lord Balfour  
of Burleigh  
and Minority  
Report  
of Royal  
Commission  
for rating  
site values.

### V. VACANT LAND IN EDINBURGH

It has been stated that within the City of Edinburgh there are 2000 acres of unused land, excluding parks and gardens, held vacant because no one at present can pay the price demanded. Land is being held unused in Edinburgh until a clear feu duty of over £160 per acre per annum can be obtained. On the outskirts of the City, from two to three miles from the General Post Office, £80 an acre feu duty is demanded for working-class tenements. Meanwhile the Burgh Engineer reports: “The question of rehousing of evicted slum-dwellers is scarcely answered.” The Sanitary Inspector’s Report, 1905, said: “The total number of ticketed houses now amounts to 7367. Of these 7367 houses, 5422 consist of one apartment, and 1943 of two apartments. During the term under Report 182 overcrowded houses have been discovered.”

At a meeting of the Town Council of Edinburgh, held on Tuesday, December 3, 1907, Mr. Macpherson moved approval of a recommendation by the Lord Provost’s Committee on the subject of the taxation of land values. The Committee recommended the Council to memorialise the Government to introduce the Land Values (Scotland) Bill in the next Session of Parliament, with the view of having it passed through both Houses of Parliament. Mr. Macpherson, in support of the motion, said Edinburgh possessed 3000 acres feuable land rated at agricultural value. Mr. Chisholm, to show that there were no politics in the matter, said he would second the motion.

He had had to appeal again and again in a burgh not far from Edinburgh for a piece of land for a public park. He had offered a huge price for that park, and he was told that a narrow strip of it was worth £3000. He offered £3000, and the price was then put at £5000. He maintained that if the price named was the value of the ground, rates in proportion ought to have been levied. The same remark applied to the gasworks at Granton. Then there was the case of Bellevue Park. They had been told what was the value of that park—he thought it was too much—but the assessment ought to have been in proportion to the value.

## VI. VACANT LAND IN OTHER CITIES

In Manchester in the year 1892 it was estimated that the total area of vacant land (excluding gardens, roads, and other areas unsuitable for building purposes) was 4200 acres.

In Birmingham (including Quinton) it is reckoned that out of 13,477 acres 3500 are unbuilt on, and that of these 1500 acres at least will be subject to Undeveloped Land Duty, being saleable at £400 an acre and upwards.

Alderman Jowett, M.P., supporting a resolution in the Bradford City Council in favour of rating Land Values, stated that in portions of Bradford the density of population was 301 persons to the acre, although the general average was only 21, and that of the 10,776 acres of land in the City, 4512 acres which were available for building were still vacant. These figures did not include quarries and other forms of land which would not be available for building. Estimating, as he thought they were justified in doing, that these 4512 acres of land were worth 3s. 6d. a yard, it would be seen that they would be worth £3,821,644. Under the present system of rating, averaging the value of the land at £40 an acre—well within the mark, he thought—it stood in the rate book as though it were worth £180,480. Under the new system of rating, therefore, there would be a very large gain on this land. It would stand in the books as being worth £3,641,184 more than it was represented to be worth under the present system, and it would bring in no less than £41,872 per year in rates. He did not wish to deceive the Council, and would point out that

Manchester ;  
4200 acres of  
vacant land.

Birmingham :  
1500 acres.

Vacant land  
in Bradford.  
City Council  
approves  
taxation of  
land values ;  
4512 acres  
available for  
building.

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most of this land would for assessment purposes be considered agricultural land, and therefore it would be subject to all the deductions—and he was sorry to say that they were very considerable—by which agricultural land in a city benefited. The Agricultural Relief Act and the preceding legislation under the Public Health Act had this effect in Bradford, that land which in the rate books was described as agricultural land, instead of contributing 7s. 8d. in the pound to the rates, only contributed 3s. 3½d. Taking all this land as agricultural, the net gain in revenue would amount to £17,978—a pretty considerable amount. But the social advantages which would result from such a system as this far outweighed in his judgment all monetary considerations. Every town was faced with great housing difficulties. People were crowded into slums, where space and air were insufficient. It was not fair that certain fortunate persons should be allowed to keep land for an advance in the price, and be protected by a system of rating, when other people were sadly in need of the space upon which to live. After further discussion, the resolution was put and carried by fifty votes, with eighteen against.

It was estimated in 1898 that in Darwen 782 acres of building land were being held vacant, of the probable annual value of Estimates of vacant land in Darwen, Newcastle-on-Tyne, Falkirk, Halifax. £15,800; in Newcastle-on-Tyne, one of the most overcrowded towns in the kingdom, 100 acres, said to be worth 8s. per square yard; in Falkirk about 250 acres, the area of the burgh being 900 acres; in Govanhill 90 acres, worth not less than 20s. per square yard; in Halifax, land of a value equal to one-third of the land then rated, and it has been calculated that if unoccupied land in Halifax were rated in the same way as the rest of the property, rates could be reduced 1s. 6d. in the pound.

Mr. (now Sir) Hudson Kearley, speaking in the House of Commons, in favour of the Second Reading of the Land Values Bill, on March 11, 1904, said:

“It was to his mind a great evil that land should be held up, and he supported this Bill because he thought it would loosen the hold of the territorial owner, who in this matter had held unbounded sway. The existing state of the land laws of this country had most certainly encouraged the hoarding of land and were responsible for bringing about a state of overcrowding which was a disgrace to our civilisation. A landlord at the

Overcrowding at Devonport caused by holding up of land.

present time could hoard his land with impunity, and make a monopoly of it, and by so doing place the whole of the burdens of taxation upon the community, while he took all the profits. The community were the victims of the landowners. An illustration of that was the town of Devonport. A hundred years ago Devonport was a rural village. When the Government built docks and works there the place began to grow. But the whole of the land was the property of one owner, and he held it up against the community. . . . Eight or ten years ago, owing to public pressure, the manorial lord consented, as a boon, to sell to the community two acres of land, for which he demanded £1200 an acre. . . . At the present time, of the families living in Devonport, 2500 occupied one room only—a thing only rendered possible by the existing state of the land laws. Since the loosening of the land laws much building had gone on; but what had been the result? When buildings were erected on land costing £2000 an acre, it was impossible to build at a rental which a working man could pay, and the houses which had been built were vacated because the rental value was too high, and the overcrowding still continued, as indeed it would until some Bill was passed in this House to classify taxation as this Bill did."

The *Glasgow Herald* of June 19, 1909, contained the following with reference to the house famine in Dunfermline, a small country town surrounded by eligible building land on every side:

"The housing famine which was experienced in Dunfermline at the term time is becoming much more acute. One family lives in a hall, and others are occupying houses which have been closed for several years. The sanitary authorities are, in the circumstances, overlooking several cases of overcrowding. Family circles have been broken up as the result of the want of housing accommodation for working people. Provost MacBeth and other influential citizens are endeavouring to relieve matters, and at the present time are negotiating with some of the landowners for the acquisition of feuing ground, which is exceedingly scarce in the town."

Cost of land makes it impossible to provide houses at rentals working men can pay.

House famine in Dunfermline: "feuing ground exceedingly scarce."

## VII. THE INEQUALITY OF PRESENT ASSESSMENT

As an illustration of the unfair and burdensome character of the present system, in the middle of Cardiff stands Cardiff Castle and grounds, 105 acres (508,200 square yards), rated at £924. Near by is a tailor's shop, with an area of 47 feet by 90 feet (470 square yards), rated at £947. The pleasure ground of the rich is favoured; the use of land for industry is penalised.

In London, Devonshire House, Piccadilly, with nearly 4 acres of land, is rated at £4168, or less than a quarter of the ground rent which the site alone would command. Opposite site is the Ritz Hotel, standing on a site of 20,000 square feet, and rated at £17,084. Land only one-eighth of the size has to pay four times as much in rates. Not far off, Lansdowne House, with 80,000 square feet of land, is rated at £2500, while on the opposite side of Berkeley Street, the Bath Club (11,400 square feet), stands at £3050. Foot for foot, the smaller property pays at a rate eight times as great as the larger one—the Bath Club 5s. 3d. a foot, Lansdowne House 7½d. a foot.

## VIII. BURDENS ON INDUSTRY AND PRODUCTION

But it is not only houses the building of which is hindered and rendered more costly by our out-of-date system of assessment. The plan of charging more rates the more fully a property is developed and used acts as a penalty on enterprise of every kind. The man who pulls down an old factory and erects on the same site a new one of double the capacity, fitted with up-to-date machinery, and requiring twice the number of hands, will be certain to have his assessment trebled. He has improved industry, increased commerce, and benefited labour, while, at the same time, he has made little or no further demand upon the services of government—national or local—for he only occupies the same site as before. Yet this captain of industry is the man our present system selects for its heaviest penalties. For in his case not only is the value of the new building added, but the very machinery—the scientific tools of his industry—is all taken into account in arriving at the value of the premises for rating purposes. It would be difficult

to name any protective duty which hindered *exchange* to the same extent as our system of rating buildings and machinery hinders *production*. Were it not that other Governments impose taxation equally burdensome and uneconomic, Britain's Free Trade would be powerless to enable her to maintain her superiority in production under such adverse conditions as those imposed by her rating system.

As Mr. Churchill said at Edinburgh :

"Every nation in the world has its own way of doing things, its own successes and its own failures. All over Europe we see systems of land tenure which economically, socially, and politically are far superior to ours; but the benefits that those countries derive from their improved land systems are largely swept away, or, at any rate, neutralised by grinding tariffs on the necessaries of life and the materials of manufacture. In this country we have long enjoyed the blessings of Free Trade and of untaxed bread and meat, but against these inestimable benefits we have the evils of an unreformed and vicious land system. In no great country in the new world or the old have the working people yet secured the double advantage of Free Trade and Free Land together, by which I mean a commercial system and a land system from which, so far as possible, all forms of monopoly have been rigorously excluded. Sixty years ago our system of national taxation was effectively reformed and immense and undisputed advantages accrued therefrom to all classes, the richest as well as the poorest. The system of local taxation to-day is just as vicious and wasteful, just as great an impediment to enterprise and progress, just as harsh a burden upon the poor, as the thousand taxes and Corn Law sliding scales of the 'hungry forties.' We are met in an hour of tremendous opportunity: 'You who shall liberate the land,' said Mr. Cobden, 'will do more for your country than we have done in the liberation of its commerce.'"

In a recent number of the *Machinery User* there is an illustration of the penalties imposed upon business enterprise by the present rating system. It informs its readers that Messrs. Craven and Speeding Brothers, of Sunderland, recently erected some new buildings and installed some new and improved machinery, with the result that "the Rating Department of the Corporation had advanced the assessment of the

Penalties  
imposed by  
present system  
on business  
enterprise:  
Sunderland  
instance.

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firm by £500 per annum." Small wonder that under such conditions business should be depressed and that the minimum of improvement should be made even by the most enterprising. What can be said in defence of a system habitually producing such results, exempting from taxation those who withhold land from use, but heaping fines and penalties upon land users in exact proportion to the improvements they make and the enterprise they show? Under a rational system of rating each citizen of Sunderland would be called upon to contribute to the necessary local revenues, not in proportion to his industry and enterprise, but in proportion to the value of the opportunities and conveniences granted him by the community, in proportion to the value of the land he was being privileged to hold within the boundaries of the Corporation. Thus the bonus the present system grants to land-withholders, together with the fines imposed upon enterprise and industry, could simultaneously be removed. Land Valuation is a necessary step in this direction.

It is clear that the valuation of land which will be achieved by the Budget is pregnant with the most important consequences. It is not an uncommon thing for a municipality which requires a piece of land for an improvement to be asked as much as 100 years' purchase on the basis of the present assessed value. If the burden of public expenditure is to be fairly apportioned, and if proper progress is to be made, those two figures, which under present conditions so often stand out of all relation to one another—the value on which the owner now contributes to taxation, and the value put upon the land when it has to be acquired for public purposes—must be brought into some correspondence, and this would be one of the effects of taxing Land Values. Both the absurdly low value in respect of which the owner contributes to the public revenue, and the absurdly high price which he is able to extort from the public when they require to use the land, are due to the present inequitable system of assessment. The reform which the municipalities demand as the *sine quâ non* of urban improvement and municipal housing is also required by the nation as the *sine quâ non* of industrial development of all kinds, and as a means of preventing downright plunder.

## IX. INSTANCES OF EXTORTIONATE PRICES

Instances have been accumulating of the monstrous injustice of the present system and of the plunder which it makes possible.

**Duke of Northumberland's estate.** On June 23, 1908, in the House of Commons, Mr. Dundas White, M.P., asked about the site between Westerhope and North Walbottle, which was recently purchased for a school by the Northumberland County Council from the Duke of Northumberland. Mr. Masterman, M.P., who replied, said :

" I understand that the acreage of the site is three-quarters of an acre, and that the purchase price, apart from the law costs, £698 for site &c., was £698 15s. 6d. I gather that the price for school was fixed by arbitration. I am informed that at present no application has been received from the occupier for a reduction in the rateable value of the farm. I understand, however, that the rent has been reduced by 30s., and that consequently the rateable value of the farm would be reduced by about £1 7s." This is at the rate of £931 14s. per acre for land rated at £2 per acre, or 465 years' purchase.

**The Duke and Throckley Co-operative Society.** The Duke of Northumberland is also the owner of most of the land in the district of Throckley, Durham. Some time ago he was approached by the Throckley Co-operative Society with the request that he should sell land for the purpose of building a branch store for the use of the Walbottle miners. The agent offered land at 2s. 6d. per square yard (probably 10s. per acre would be more than its annual rental value). The committee of the Co-operative Society suggested that the price was too high, and were then told that they should not have the land at all. They subsequently succeeded in securing from the Duke other land at a distance for 5s. per square yard, 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. The Society was powerless and had to submit.

In such a case the local clergyman might perhaps be asked to read to his congregation the following "Prayer VI.'s prayer for Landlords," which is to be found in the Second Prayer Book of King Edward the Sixth :

King Edward VI.'s prayer for landlords.

"We heartily pray Thee to send Thy Holy Spirit into the hearts of them that possess the grounds, pastures and dwelling places of the earth; that they, remembering themselves to be Thy tenants, may not rack and stretch out the rents of their houses and lands, nor yet take unreasonable fines and incomes, after the manner of covetous worldlings; but so let them out to other that the inhabitants thereof may both be able to pay the rents, and also honestly to live and nourish their families, and to relieve the poor."

In 1901 the War Office acquired from the Duke of Argyll a site of about 52 acres of agricultural land and foreshore near Kilcreggan as a site for a fort for the defence of the War Office and Duke of Argyll: Clyde. The value attributed to it for rating purposes was £60 a year, but the War Office had to pay £14,500 for it, or rather more than 240 years' purchase. Messrs. Lindsay, Howe and Co., W.S., Edinburgh, who acted for the Duke of Argyll in the transaction, wrote to the daily papers "that the ground acquired for the fort was good feuing and building land." No fantastic-will-o'-the-wisp-hypothetical value here—it is the plain feu-value, so much scoffed at by the opponents of the Budget in Parliament. It does not seem to have given the Duke's agents much trouble.

In 1908, the Cathcart School Board purchased rather less than an acre and a half as a site for a school near Cathcart Bridge. The value attributed to it for rating was £3 10s. 10d. a year, but the School Board had to pay £3270 17s. for it, or more than 920 years' purchase, of that annual value for rating. (Parliamentary Debates, Vol. 196, pp. 851, 1756.)

The City of Liverpool Council some years ago sold land in Victoria Street to the Government for the purposes of a temporary post office at £12 10s. per yard. Immediately opposite there was an old pit which had never been used except as a receptacle for the rubbish of the district, but when the Government wanted to build a new post office the owners of the pit demanded £56 per square yard, and because the commerce in Liverpool demanded a new post office the Government had to pay the sum demanded.

By questions in the House of Commons, answered by Mr. Edmund Robertson, M.P. (now Lord Lochee), and Mr. Sinclair,

M.P. (now Lord Pentland), in February and November 1908, Mr. Dundas White elicited the fact that when the Admiralty purchased from Sir M. H. Shaw-Stewart, Bart., 14½ acres near Greenock for purposes in connection with the Loch Long torpedo range, the nation paid £27,225 for a property which for rating purposes had an annual value attributed to it of £112s., on which amount £27,225 represents 2452 years' purchase. Incidentally, it may be observed that Greenock is one of the most overcrowded towns in the United Kingdom. Of its 68,000 inhabitants, more than 26,000 live more than two in a room, of these more than 19,000 live more than three in a room, and of these more than 7000 live more than four in a room. (Housing Conditions, Scotland, Return C. 4016, 1908.)

Overcrowding in Greenock.

The Town Council of Edinburgh required land for erection of gasworks in the neighbourhood of Granton. The land belonged to the Duke of Buccleuch and comprised 105 acres, partly built on, and rated on an average at £5 10s. per acre. At 30 years' purchase of the assessed value, the price would have been £165 per acre, and the total price for the land £17,325.

The Town Council paid the Duke £124,000, or 214 years' purchase. For a little plot of land near the City of Edinburgh, 45 acres in extent, wanted by the Water Trust for forming filtering beds, the value of which at 30 years' purchase on the basis of the existing rent was £4387, a sum of £20,000, or 136 years' purchase, was charged by the owner.

In 1904 powers were obtained by the Sheffield Corporation to make a new road from the Victoria Station to Waingate. The Duke of Norfolk owned the freehold land with some short leases to run. The ground rentals he was receiving were, from one property—the Royal Hotel—£12 for 2 years longer; from the others, six ground rents totalling £59 per annum with from 24 to 30 years unexpired. For the Royal Hotel he claimed £35,000, and for the other properties £19,050, in all £54,050. He was paid eventually £50,400.

Sheffield Corporation and Duke of Norfolk.

Sheffield Corporation and Duke of Norfolk.

Councillor Whiteley, of Sheffield, speaking at the Municipal Conference, held in London, in October 1902, said:

"The Corporation itself is adding to the value of the land, and leaving others to reap the reward. The Sheffield

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Corporation just recently purchased forty-two acres of land  
 Councillor under the Housing of the Working Classes Act,  
 Whiteley and it is a remarkable fact that close to that  
 gives Sheffield instances. land there were fourteen other acres, which land  
 they wished to acquire ; and what I wish to point out is this,  
 that the very fact that the Sheffield Corporation had purchased  
 those forty-two acres of land, and wanted to obtain compulsory  
 powers to purchase the adjoining land, enhanced the value of  
 the land which they desired to purchase to such an extent that,  
 while they purchased the forty-two acres of land at £100 an  
 acre, they had to pay no less than £510 per acre for the next  
 fourteen acres. As a matter of fact, they had to pay 75 per  
 cent. more in cash for the fourteen acres than they did for  
 more than three times the amount of land of equal value to  
 the land just adjoining ; and it is only right and proper that  
 landowners should be compelled to have it assessed according  
 to their own valuation, and that they should pay rates upon  
 that value, so that when Corporations desire to acquire land  
 there should be some guide as to the value of the property  
 which they desire to obtain."

On January 13, 1909, the Sheffield City Council decided to  
 purchase the Abbeyfield Estate, consisting of a few acres, for the  
 purpose of forming a public park. The land was  
 entered in the valuation roll for rating at £120,  
 but the price was £10,500 or 87½ years' purchase  
 of the rateable value. This is one more instance of  
 the absurd and inequitable disparity between the measures or  
 standards which determine what the landowner shall pay to the  
 community and what the community shall pay to the landowner.  
 Surely the system which permits such glaring and unfair dis-  
 crepancies is one which any Government with the slightest claim  
 or title to be regarded as the friend of justice, equality, or pro-  
 gress would put an end to without the slightest hesitation. As  
 Councillor Crowther said in the discussion, this unfair price was  
 due to the "absolute iniquity of the present land system."

At Jarrow, when in 1888 the Corporation had to buy 2½ acres  
 of land for a quay frontage they were obliged to pay  
 at the rate of £3584 per acre. The land was  
 previously farm land. (Evidence of the Town  
 Clerk of Jarrow before the Select Committee on  
 Town Holdings, 1890.)

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 an 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 (and, therefore, for its purpose, the least convenient) land within the borough area. Yet the Town Council had to pay £2000 an acre for it. The result is that 40 cottages are crowded on to two acres, and, even so, the little patch of land for each cottage has cost the town £100.

Limehouse is one of the poorest and most congested of East London areas. In 1899 the London County Council went to Parliament for powers to purchase Albert Square Gardens ( $\frac{1}{3}$  of an acre) to preserve it as an open space. The umpire awarded, and the Council had to pay, £10,560, being at the rate of about £15,850 per acre.

At Bradford, the land upon which the Conditioning House stands was formerly supposed to be waste land and paid nothing in rates. When the Corporation wanted to acquire the land for the use of the City, they had to give £6159 for it. They spent £30,000 on the Conditioning House, and now have to pay rates on the value both of the building and the land.

Mr. Hughes, of Llanelly, at the Municipal Conference held in London in October 1902, said:

"As the representative of one of the smaller municipalities, I have great pleasure in supporting the proposition. It is well that the gentlemen representing our large cities should know that the evils that have been referred to exist in as quite an acute form in some of the smaller provincial towns. We have difficulties to contend with in carrying out improvements, and the marvel is that no step has been taken long ago in the direction suggested by this proposition. The country is ripe for reform in this direction, and if we are united here to-day, and agree to this resolution, there will not be much trouble in bringing pressure to bear on our representatives in carrying a Bill through Parliament giving a more equitable distribution of local burdens. We have difficulties that have been referred to by various speakers in the growing towns, where large spaces are kept in reserve for the purpose of getting possession of the

Richmond,  
Surrey:  
£5000 an acre  
for land rated  
as agricultural

Land at  
Limehouse for  
open space  
costs £15,850  
per acre.

Bradford  
Corporation  
paid £6159 for  
waste land  
which paid no  
rates.

Llanelly: evils  
of existing  
system in small  
municipalities.

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unearned increment, and in the meantime the burden is to be borne by the rest of the community."

The Cardiff Corporation bought a portion of Cathay's Park Estate in the town for £160,000, in order to erect City Hall, &c.

Cardiff Corporation pays £160,000 for land rated at £253. At the time of purchase the land was rated as agricultural land upon an assessment of £253 per annum. It yielded to local rates about £88 per annum.

### X. PROHIBITIVE PRICES

In some cases the extortionate prices are paid; in other cases they are prohibitive, avenues of employment are closed, and needs cannot be supplied. On October 21, 1908, Lord Mostyn's land at Llandudno: price of £2646 per acre demanded. Joint Police Committee that the price asked for a third of an acre of Lord Mostyn's agricultural land at Llandudno, on which about 2s. was paid in rates, was £882. This price worked out at £2646 an acre. It was decided *not* to take the land.

The Brigg Rural District Council has recently decided to take no further steps in the matter of the proposed improvement of a Brigg, Lincolnshire: necessary improvement blocked. "dangerous corner" at Ulceby—"dangerous," that is to say, from a traffic point of view. The reason is that the local landlord demanded 30s. *per square yard* for the land required to improve the road, and, in addition, demanded that the boundary be finished with a brick wall. "Mr. J. K. Broughton asked what the land they had been discussing was assessed at.—The Clerk: It will be a good thing for land values.—Mr. J. Spilman: I hope the Assessment Committee will bear it in mind." The Budget will help to teach landlords, even in remote Lincolnshire villages, that there should be one and the same value for the purposes both of public purchase and public taxation.

A case, similar in its results, was before the Stirling Town Council on December 21, 1908. It was reported as follows in the *Stirling Journal* of December 25.

"The Special Committee appointed some months ago to consider the question of erecting a model lodging-house in the upper part of the town, submitted their report to the Town Council on Monday. They selected a site at the corner of Broad

Stirling: public improvement stopped.

Street and St. Mary's Wynd, and entered into negotiations for the purchase of the property on the site, but the terms asked, even after some modifications, were so unreasonable that they could not be entertained. The total sum now asked is £6885, which works out at about £3 5s. 9½d. per superficial yard, or £15,974 7s. 1d. per acre. Had the scheme been proceeded with 540 superficial yards would have been thrown into St. Mary's Wynd, which would have been widened to 40 feet. Exactly what has happened was expected in this case. It was believed that whenever it was known that property was wanted for a public improvement, the price of that property would go up, but it was scarcely expected that the figure would have been so high. The site in question has been dropped, and the Committee are looking for a better bargain.

More than a year ago a meeting was held at Oxted to consider a scheme for the erection of an "Institute and Village Hall." A site had been chosen, but at the meeting a letter was read from the agent of Mr. C. H. Oxted: £600 asked for land rated at 13s. 7d. per acre. Master, the principal landowner in which another in a less desirable position at £600 an acre! To this offer conditions were attached regarding the sale of liquor, which would have unfitted the hall for balls and public dinners. The committee refused to take the site on these terms. This land for which £600 per acre was asked, and the use of which was restricted, is rated at 13s. 7d. per acre. In this way landowners are able to deprive communities of public facilities.

The point of these examples is that they are not rare instances, eccentric exhibitions of genius on the part of landlords or their agents, but rather specimens of the normal working of economic conditions under our present anomalous and unscientific system of assessment. The evil of the present system is not merely that it allows values earned by the public to be diverted into the pockets of individuals who have not earned them. The still more serious evil is that it enables those who control the sources of wealth and means of livelihood to say that those sources and means shall not be utilised except upon extortionate, and often impossible, terms. *The Times* of December 2, 1908, in an account of the new South-Western Railway Works at Eastleigh, referred to the rehousing of the workmen and their families and stated that

Normal working of present economic conditions.

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Mr. Drummond, the Superintendent of the Works, "complained of the action of landowners in the district, who, he said, appeared to have combined to raise the price of land within a radius of a mile and a half of the town. Land, the real value of which was not, in his opinion, more than £40 an acre, had, he stated, been run up to £600 an acre. The matter was mentioned at a recent meeting of the Eastleigh and Bishopstoke Urban District Council and the chairman questioned whether some pressure could not be brought to bear on the landowners." That pressure will be brought to bear when they receive their notices from the Surveyor of Taxes, asking them to state the value of their land.

At Bedminster, a suburb of Bristol, the Imperial Tobacco Company a few years ago built some magnificent works, employing a vast number of hands. A demand for housing arose. The land round was purely agricultural, previously worth, say, £50 an acre; but it had now to be paid for at the rate of £1200 to £1700 an acre.

The *Newcastle Daily Leader* of April 30, 1900, reported as follows:

"The increase of ground rents at Seaham Harbour by the Marquis of Londonderry is causing a great deal of feeling in the town, where increased prosperity was expected from the changes that are taking place. The anticipation was that new streets would suddenly spring into existence, and that the town would rapidly increase in size. To meet the expected demand, Lord Londonderry's agents laid out sites

for new streets. This was several months ago, but the sites are still dormant, and, where solid houses of bricks and mortar were to have been raised, the grass is beginning to grow. The cause of all this is not far to seek. In the belief that that there would be a rush for building sites owing to the projected developments at the docks, and the striking of a new pit, his lordship was advised to raise his ground rents to double what was formerly charged. In doing so, however, he reckoned without his host. Builders and speculators stopped operations, and, instead of a sufficiency of dwellings being provided to accommodate the additional workmen called to the town, there is such a dearth the latter are compelled to

Eastleigh,  
South-Western  
Railway Works:  
land run up  
from £40 to  
£600 per acre.

Bristol: the  
Imperial  
Tobacco Com-  
pany's Works  
sends up land  
value from £50  
to £1700 per  
acre.

Marquis of  
Londonderry  
and Seaham  
Harbour:  
excessive  
ground rents  
demanded.

live at Ryhope, and other places around, or travel by the workmen's train to Sunderland. But for this check to enterprise, Seaham Harbour might have now been half as big again. The matter came before the Urban District Council at their recent meeting, when Lord Londonderry came in for some candid criticism. One member accused his lordship of stopping the advance of the town, and another said he was seeking to obtain £500 per acre for his land, and such an excess in unearned increment was deemed to be more than could be borne. The local Trades Council is agitating, and proposes to approach Lord Londonderry, through the Urban Council, as to whether it would not be advisable to do something to 'put an end to the present building deadlock.'

The Special Correspondent of the *Westminster Gazette* (July 22, 1909), at the High Peak by-election, reported as follows :

"The intervention of the Duke of Norfolk, whatever its intention, has not been a fortunate thing for 'My dear Profumo.' It has set men delving into the facts regarding land in this peer-owned division. There could scarcely be a stronger case for the present Budget than is afforded by Glossop itself, a town which has felt the hand of the landowner heavy upon its activities. Glossop draws all its prosperity from three or four cotton factories, and from the great paper mills of Messrs. Partington, which are the most wonderful enterprise of their kind in this country. These mills, however, might have been vastly larger had it not been for land troubles. The Messrs. Partington are on freehold land, and only yesterday Mr. Edward Partington said that every foot of that land that can be utilised had been brought into use. More land can only be obtained from Lord Howard of Glossop on prohibitive terms. Some time ago the firm wished to make a private railway to the works. A lease, they were told, could only be granted on terms which involved the entire surrender of the enterprise after a term of years. So the railway was not made, and any development of the firm's business must take place at other centres.

"One hears the same tale about other factories. There are no extensions, and no new places are being built, simply

because the terms demanded are such as cannot profitably be given. Yet there are great quantities of vacant land about Glossop: land in and about Glossop. One finds barren tracts scattered among the houses and rated by weeds and tin cans. One may stand on one of the hills above the town and see its houses nestling in the hollow with agricultural fields breaking in almost to the walls of the houses. Here is vast room for extension, and any taxation that compelled Lord Howard of Glossop to reduce his terms would probably give fresh industrial life to a place that shows no advance, and would incidentally add greatly to his revenues. If the present policy of holding up the land is pursued Glossop is destined to drop out of the commercial race, strangled by the exactions of its landlords. That is a point of which the Committee for the Taxation of Land Values has made much in its campaign here—a campaign that has been fruitful of educative work. Glossop, at any rate, is not breaking its heart over anything that the land-owners will have to pay under the Budget.”

There is a large acreage of land on the west side of Brighton, which has been idle for fifty years. It is badly wanted for building development—building goes past it for over a mile—but the owners ask £3000 an acre for certain portions of it, although it is only rated as agricultural land.

The way in which the present method of assessment encourages landowners to deny to their fellow men the right to earn their living was seen when, in 1902, Lord Penrhyn got the valuation of the Penrhyn Quarries reduced from £24,800 (based upon a production of 96,000 tons of slate) to £10,514 (production of 40,700 tons). The burden of finding the amount required to make up the deficiency of local revenue fell upon the very population who were being impoverished by Lord Penrhyn's action through no longer having the opportunity to work. The only effective remedy for such inequality of burden, wherever it exists, is the fair and straightforward method of levying from all owners a proportionate contribution based on the true value of their land.

## CHAPTER VI

### AGRICULTURE AND BUSINESS

**A**T a meeting of the Directors of the Scottish Chamber of Agriculture held in Edinburgh on July 7, 1909, the Report of the Chairman's Committee on the Finance Bill was considered. The Committee recommended the Directors to oppose the Land Clauses of the Budget. Mr. Harry Hope, Conservative candidate for Buteshire, in moving the adoption of the report, said he thought they all recognised that the agricultural industry was extremely heavily taxed. Mr. M. G. Wallace, Terregles Town, Dumfries, moved the rejection of the report. He regretted very much the nature of the document which had been put before the Directors; it partook so much of a partisan character as to reduce their operations to those of a political organisation. That was to be deprecated. One would not have objected to it if it had been drafted by a Conservative Association, whose business it was to oppose the Government. But when they came there as a company of practical men it was expected of them that they should talk sense, and when they spoke about the enormous burden that was to fall upon landowners from the operation of the increment tax it was absolute nonsense. The report and the statements had gone upon the old misconception that agriculture and landlord were synonymous terms. What affected the landlord did not necessarily operate detrimentally upon agriculture. Very often it was the opposite. Mr. W. Rutherford, Crailing Tofts, Melso, seconded the amendment. He thought Mr. Lloyd George had been perfectly fair in drawing a distinction between urban and agricultural land. Mr. J. Elder, Haddington, supported the amendment. On a vote the Committee's report was rejected, the amendment being carried by 8 votes to 4.

On this decision becoming known, the Chairman of Directors, Mr. Bell, Lutherie Bank, Fife, called a special meeting for

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July 14, in order, if possible, to reverse the decision. In presiding over this second meeting, Mr. Bell said that when he read the decision that had been come to by the Chamber his heart very nearly stopped, and he was not very long in getting into communication with Edinburgh to see what had taken place. He did not think for one moment that it was the decision of Scottish agriculturists. His action, however was severely criticised by several of the Directors. Mr. Wallace, Dumfries, again moved an amendment against the report, refusing to express an opinion on the Budget. Mr. Charles Douglas, Auchlochan, seconded the amendment, on the ground that the report showed political bias. On the vote being taken, Mr. Wallace's amendment was again carried by 19 votes to 10.

On May 4, at a meeting of the Central and Associated Chambers of Agriculture, Mr. S. Kidner (Taunton) proposed

Members of  
the Central  
and Associated  
Chambers of  
Agriculture  
approve the  
Budget.

a resolution against the Taxation of Land Values. Mr. Lobjoint (Middlesex) described the resolution as "vinegared with political bias," and moved an amendment approving of the Budget. Mr. Nunneley (Northampton) seconded, and, speaking as a tenant farmer, said that the Budget benefited them as farmers in many ways and hit them not at all. Both resolution and amendment were withdrawn. Mr. S. Kidner again turned up at Williton (Somerset) on May 10, and proposed his resolution there. He met with strenuous and effective opposition, however, from several of the farmers. Mr. J. Joyce (Milverton) took exception to that portion of the resolution referring to the Death and Stamp Duties and the Taxation of Land Values. He said the Government only proposed to tax the value of town lands which were held up against builders. Under those conditions all land having purely agricultural value would be exempt. At this point Mr. W. J. Laversha (Torre) interjected: "They are taking down the boards where they had building sites on offer down our way." Mr. T. Hosegood (Aller, Williton) observed that as far as the Budget was concerned there was nothing the farmers had anything to complain of. The only objection to it was that agriculturists might fairly have expected a little consideration in respect of local taxation. In his opinion it was the best Budget brought in for fifty years. The resolution was amended, and carried in the following form: "That whilst approving the tax on motor-cars and the allocation of a sum to the question of

agricultural research, this club expresses its great regret that no proposals for the relief of local taxation have been made." A similar resolution was passed by the Worcestershire Chamber of Agriculture on May 4.

The wishes of the agriculturists have since been met by the Government's decision to allocate half the proceeds of the taxes for the relief of local rates.

A meeting of farmers to protest against the Budget was held at Berwick on July 10, 1909, under the auspices of the Budget Protest League. Mr. G. G. Rea, of Middleton, presided, and Mr. C. B. Fenwick, of the Protest League, addressed the meeting. He said that the proposed taxes were oppressive, unfair and Socialistic, and would injure the already overburdened industry of agriculture. Mr. R. W. Leitch, farmer, West Newbiggin, claimed an opportunity of replying to these arguments, but on the chairman's refusal to grant this, many of those present left the meeting. The proposed resolution condemning the Finance Bill was not submitted.

Farmers at Berwick decline to condemn the Budget.

At a meeting called by the Budget Protest League at Biggleswade, Bedfordshire, the heart of an agricultural district, after a speech by Mr. Prothero, the Tory candidate, an amendment approving the Budget was proposed and carried by a large majority, only twenty or thirty out of an audience of about 1000 voting against it, and the meeting ended with three cheers for Mr. Lloyd George.

Speaking at Arklow, on July 4, at a demonstration held under the auspices of the United Irish League, Mr. John Redmond, M.P., the leader of the Irish Party, said :

"There is the most extraordinary misapprehension in certain quarters in Ireland with reference to what are called the land taxes. Now, I tell you people, who are all interested in agriculture, that there is no tax in this Budget which is a 'land tax' in the sense of putting one single farthing on agricultural land. First of all there is what is called a tax on unearned increment. You know the meaning of that. Take the case of the Lord De Vesci and Lord Pembroke, and other wealthy ground landlords. Their land in the vicinity of Dublin a generation or two ago was worth no more than the ordinary agricultural land of the country. Since then they have not put sixpence into it by way of improvement ; they have remained abroad, and left the land there. But the community by their rates, by the building of roads and

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streets, by the building of waterworks, the building of houses, the building of tramways, the laying of electric light, and so forth, have made this land in the neighbourhood of Dublin four, five, six and ten times the value that it was a couple of generations ago, and all that increased value is gained without the expenditure of one penny piece out of the pockets of these rich ground landlords.

The Budget imposes no burden on agriculture, or on any productive industry.

Well, now, this Budget proposes to put a tax on that increased value on these landlords, and I say it is a just tax."

The truth is, that the Budget does not touch agriculture or the agricultural value of land at all.

It is equally true that it imposes no burden on any other useful and productive industry, trade or business, whatever effect it may have upon "the vacant lot industry," as they call it in America.

Mr. J. A. MacTaggart, who has been in the building trade for more than twenty years and has built 3000 houses, in the *Glasgow Herald* of July 24, 1909, "unhesitatingly states that the building trade has nothing to fear from the declared intentions of Mr. Lloyd George."

In moving the adoption of the report and balance-sheet at the annual meeting of the shareholders of the Birmingham Trust, held on June 29, 1909, at the Grand Hotel, Birmingham, Mr. Arthur Chamberlain dealt with the Budget. He said without fear of rational contradiction that there was not a single line in the Budget which could do anything to depress any of their commercial and trade interests. Certainly the way it dealt with land would not injure their commercial interests. He made some further remarks on the Budget in an interview reported in the *Daily Chronicle* of July 12 :

Mr. Arthur Chamberlain on the Budget.

"I am, he said, in favour of the Budget again—and with a capital F in favour—because for the first time it makes the unearned increment on land a practical question, and for the first time it puts into the national purse a portion of the wealth which has been created by national progress. If there were nothing else in the Budget but a clause dealing with the unearned increment of land, that alone would justify us in calling it the most important Budget for the last 50 years. I see that the Opposition in Parliament oppose it. Of course," said Mr.

Chamberlain emphatically, "it is their duty to oppose it, but my belief is that when this Budget has become law, as it will become law, not even the Opposition, when they go back to power, will either venture or wish to alter any of its main provisions. It destroys for ever the danger of Protection. I regard the clauses dealing with the land as the most important and valuable part of the whole Bill, and, if they were withdrawn, or in any way mutilated, I would not give anything for what remains. I am quite satisfied in my own mind that it is possible to carry out the details of the Bill with fairness and without undue cost. The Opposition invent imaginary cases, and then build up out of these creations of their fancy an argument against the Bill. In reality, however, these cases will either never occur or will occur to so small an extent that they can only be regarded as exceptions which prove the rule."

Besides inventing imaginary hard cases, the opponents of the Budget have adopted other tactics. Dukes, marquises, and great landowners have not hesitated in some cases to try and turn their employees against the Budget by threatening to take the taxes out of their wages, or to turn them out of employment altogether.

The Duke of Portland at the Welbeck Show on August 3, 1909, is reported to have said :

"If the Budget proposals became law, they would cause much unmerited suffering among those hitherto employed on that and neighbouring estates. On his estate £1000 a week was spent in wages, and nearly 1000 individuals were employed. Through no fault of his this sum would have to be diminished through the circumstances created by the Budget. Those who lost their employment would understand that it had been brought about by the financing scheme of the Government. Threatened men lived long, and he believed, in spite of Mr. Lloyd George's fulminations, landowners would be in their present position long after Mr. Lloyd George and his Budget were consigned to limbo. So do not let us trouble any more about the man," the Duke added.

Speaking on the same occasion, Lord Harrington said :

"He agreed with all that the Duke had said concerning the Budget. It would, no doubt, affect landowners. Speaking for himself, he spent nearly all he had upon his hounds,

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wages, and his estate, and if the Budget were passed in its present form the first thing which would have to go would be his hounds."

Mr. George Nicholls, M.P., speaking at Geddington, said that he had verified the Marquis of Exeter's own announcement that he had discharged a number of employees owing to the Budget. The Marquis had also announced his intention to halve his charity list. "Has this young noble," asked Mr. Nicholls, "with an income of £30,000 yearly, sacrificed any of his club or yachting subscriptions for his patriotism?"

The *Westminster Gazette* of August 4, 1909, said: "Another of the landowners who are protesting against the Budget is Mr. Maryon-Wilson, who has written a letter to the *Sussex Express*, covering a notification to his workmen and tenants. This enclosure speaks of the number of workmen on the estate being reduced, of the discontinuance of an allowance of sick pay and of the distribution of Christmas beef. To crown the edifice, Mr. Maryon-Wilson says, 'I shall further have to reduce, and in some cases cancel entirely, all my local subscriptions.' Mr. Maryon-Wilson goes on to say that he will be unable to undertake anything but absolutely necessary repairs on the property, 'while anything in the nature of improvements will be entirely out of the question.' That announcement will at any rate simplify accounts between Mr. Maryon-Wilson and some future Chancellor of the Exchequer if increment duty should have to be collected on the property. Plainly, all the improvement in value will be from some cause entirely outside the exertions of the landlord. Quite seriously, it is time that Mr. Maryon-Wilson and other landowners of the same temper should understand that wealth cannot pay its debt to the community by Christmas doles and sick pay to unfortunate tenants."

It has become clear that even in the opinion of their own friends these members of the "nobility and gentry" have done themselves and their cause no good by these tactics. The *Times* of Aug. 5, 1909, referred in a leading article to "unwise persons going about proclaiming that they will reduce their expenditure on wages or their charities in order to get even with the Government." The *Times* went on to say:

"We do not believe that any considerable number will make any such reduction until they are compelled to do so.

The *Times*  
on unwise  
tactics.

**People are reluctant as a rule to reduce their scale of living, or to confess to inability to meet increased taxation. But a very small number talking loudly about what they intend to do in that direction, or too lightly representing it as a necessity, may suffice to create an impression tending directly to foster that very class antagonism which we condemn Mr. Lloyd George for provoking."**

## CHAPTER VII

### THE NEW TAXES AND SOCIAL REFORM

**A**S things are at present, the more we struggle the tighter do our bonds become. We crowd together because of the high price of land; and the more we overcrowd the higher becomes the price of land, and it grows more and more difficult to obtain further room. We buy up slums and the price of land rises still higher, and more slums are formed. We make railways and tramways to the suburbs, and rents rise all along the route, and at the further terminus the conditions of the centre are reproduced. We work and work and pile up wealth, and when we stretch out our hands to take what we have earned we cannot touch it—it has turned into land values. It is a case of “Water, water everywhere, and not a drop to drink.”

Land values rise with attempts at Social Reform.

See how all attempts at relief are largely frustrated under present conditions. Consider charities. Take, as an example, the district of Southwark, where it is notorious that overcrowding prevails and swollen rents are paid for wretched accommodation. Yet the district has the benefit of numerous charities. Here is the testimony of a member of a University Settlement in South London :

“About £350, roughly speaking, is given away in a year in doles of bread in connection with Christ Church, Southwark.

As a consequence, the competition for small houses, but more particularly for single rooms in tenement houses, in this parish is so great that the rents are considerably higher than in the neighbouring districts.

And yet the clergy go on contentedly putting more than £350 yearly into the pockets of the owners of this kind of property, and call it charity.”

The “Children’s Country Holiday Fund Report” for 1895

referred to a parish where an old endowment is used to provide free holidays, and added : " Perhaps the landlords in the fortunate area may feel that they can fairly ask a higher rent for houses having such unusual advantages."

Higher rents because of Children's Holiday Fund.

Parks and open spaces are provided at the public cost, and the price of land goes up at once, so that the poor cannot afford to live in the neighbourhood and enjoy the improvements. In Kilmarnock almost all the land is owned by Lady Howard de Walden. She recently gave to the Town Council twenty acres, mostly unfit for building, on condition that it be converted into a park. This cost the town £5000. Lady Howard de Walden's agent was then able to feu the land overlooking the park at three times the value of neighbouring land—10s. per pole, or £80 per acre, per annum.

Parks and open spaces cause rise in rents. Kilmarnock.

The *Pall Mall Gazette* of November 18, 1890, said that Clissold Park cost the ratepayers of the district £10,000, but had it cost £30,000 the rates would not have risen in consequence, as the increased assessment value of the adjoining property would have been sufficient to meet the expense.

The Corporation of Glasgow paid £29,000 for 82 acres of land, to be laid out as a park, at the rate of £350 per acre.

The price of land in the immediate neighbourhood at once rose from £350 to £500 per acre.

At Govanhill the whole of the land belongs to two owners. A park was made at public expense in the centre of the district ; one of the first effects was to increase the value of the surrounding land from 20s. per square yard to 25s. or even 30s.

At Darwen two parks have been formed, for which the land alone cost the Corporation £3500 ; with the result that land in their neighbourhood, which was let eight years ago at 2d. per yard, has since been let at 3d. per yard, and latterly at 4d.

The City Council of Edinburgh has bought a number of parks, and the effect has been to enormously increase the value of the feuing land in the neighbourhood. (Town Holdings Committee Evidence.)

Trade Unions seek to better social conditions by raising the

level of wages. But what is the result of a general rise in the level of wages? Lord Goschen, when he was First Lord of the Admiralty, was asked to increase the minimum pay of the labourers at the Deptford Victualling Yard, and he is reported to have said (*Standard*, April 15, 1899):

"If it were consistent with proper administrative principles to make an advance of the wages of these labourers, he would cheerfully do so. But there was a larger question than that of the amount involved, which was infinitesimal. 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 the house rents 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."

Before the Select Committee on Postmen's Wages, of which Sir Edward Bradford was chairman (1904), Mr. J. P. Dixon, in his evidence, said:

"I give here some specimens of rises of rent within very recent years, some within the last year or two, which will show that our men are actually getting poorer as the difficulty increases."

The following are some of his examples of increased rent:

Battersea, 5 rooms, 13s. weekly; increased 3s. during past three years. Poor street.

Chiswick, 6 rooms, 15s. weekly; rents here have risen 30 per cent. in 10 years.

Finsbury Park, £36 yearly; increased £8 in last 10 years.

Finsbury Park, 4 rooms, 13s. 6d. weekly; increased 2s. 6d. in last 10 years.

Finsbury Park, 5 rooms, 16s. weekly; increased 4s. in last 10 years.

Shepherd's Bush, 15s. weekly; increased 5s. 6d. during last four years.

Shepherd's Bush, 21s. weekly; increased 5s. during last four years.

Co-operation is another means by which working people try

to turn their earnings to better account. With what result? They have more to spare for rent. The Royal Arsenal Co-operative Society at Woolwich, according to the evidence of Mr. Ben Jones before the Town Holdings Committee (5th July, 1887), "started business in a cottage in a quiet part of Powis Street; it prospered greatly; it made the property around much more valuable; and it was the only cause of that property being made much more profitable."

At Queen's Park, Harrow Road, in November, 1894, an increase of rent was threatened on a whole estate of artisans' dwellings; the late Mr. B. F. C. Costelloe said that "he could find no excuse for the increased charges, except that the estate was a model one. It was an exemplary community, and the people themselves had raised the value of the property"; from which it appears that good behaviour is penalised, and thrift and temperance as the only remedies needed for poverty are shown to be ineffectual.

It is said that improvements in the means of communication bring relief. But increased travelling facilities and cheaper fares are followed at once by a rise in rents. At a Board of Trade Inquiry the Managing Director of the Tilbury Line gave evidence that, "So far as he had seen, the result of increased facilities for workmen's trains was that the workmen had to pay 6d. or 1s. per week more rent." The London Electric Tube Railways, the improved facilities of the London County Council Tramways, the all-night suburban service on the Great Eastern Railway, have all had the same effect. Mr. Charles Booth, while urging improved means of communication as the first step towards the cure of the housing difficulties in London, has pointed out that it would cause a "wide-spread increase in rateable values."

Sir George Gibb, presiding at a meeting of the Metropolitan Railway in February 1909, referred to the following statement contained in a recent report of the London Traffic Branch of the Board of Trade:

"The public do not always get the benefit of a reduction in fares. One of its effects is to raise the value of land, and in such cases the traveller may pay as much in increased rent as he gains by the lowering of his fare, the whole benefit going to the landowners."

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The Auditor of the Local Government Board, in a report read before the Finance Committee of the Bournemouth County Borough Council, on November 24th, 1903, deprecated "the undue haste displayed in pressing for reductions of tramway fares, the benefit of which to the users of tramways is problematical, it being a well-ascertained fact that all such reductions are followed by a rise in land value along the line of route. As practically all money spent on improvements is so much unavoidable addition to the land values of the Borough, the Tramway Committee are well justified in resisting reductions of fares which merely still further increase land values at the expense of the ratepayers."

Bournemouth:  
reduction of  
tramway fares  
raises rents.

A local landowner has made an offer to the London County Council to contribute £1000 towards the cost of laying a tramway from the Streatham terminus in the High Road to the County boundary at Mitcham Lane. This gentleman evidently knows who it is that reaps the chief benefit of a forward tramway policy, and is willing to pay something for benefits received. Other landlords will now be invited to contribute their share.

In London, till about 30 years ago, a toll of one-halfpenny was collected from each person crossing Waterloo Bridge in either direction. A considerable number of workmen employed on the north bank of the river, at Covent Garden Market and in the theatres, lived in small houses in the streets and courts near the south bank, just west of the bridge. It cost each of these 6d. a week to go to and from his work. When, in 1878, the toll was abolished, at a cost of nearly half a million to the London rates, the rents of these houses were raised—just 6d. a week. The whole of the saving was swallowed up in rent—at first in increased house-rent, and afterwards in increased ground-rent. These facts have been often given on the authority of the Rev. Canon Jephson, formerly Vicar of the parish. They are confirmed by the Valuation Lists, which show that the assessments of these properties (following, of course, the increase of rent) increased between 1875 and 1880, though there is little variation before or since.

Freeing of  
Waterloo  
Bridge raised  
rents.

At Newcastle-on-Tyne, when free communication between the west and east ends of the city was obtained by the Council's purchase of the Byker Bridge, belonging to a private company, who charged a toll, rents were raised in the neighbourhood of the approaches.

Freeing of  
Byker Bridge  
raised rents.

Alderman Southern, of Manchester, speaking at the Municipal Conference on the Taxation of Land Values in London on October 21, 1902, said:

Alderman Southern on increase of value caused by Manchester Ship Canal.

"I don't know that any more striking example of the additional value of land from the expenditure of public money and the exercise of municipal energy could be found than in the case of the Manchester Ship Canal. Here we have, in close proximity to the city, on either side of the canal, two large areas of land which have changed hands. One is a park, the ancestral home of the De Traffords, and on the other side there is the racecourse, running to about 100 acres. What are the facts? That Trafford Park was sold during the time we were constructing the canal for some £327 per acre, and to-day that land is being sold for £4840 per acre against £327. Now, taking the other side of the canal, where you have the racecourse, the value of land before we constructed our Ship Canal in the neighbourhood of the racecourse was probably not more than a penny per yard, equal to £400 an acre, and a recent arbitration has affirmed the value of that land to be £2600 per acre. Now, in these two cases, I make bold to say that these values have been created by the investment of public money and by the exercise of public energy, and it is a wrong thing that that huge increment should go without any contribution from those who have made it to the public funds from which that advantage has been reaped."

The town of Burnley is intersected by a canal, two lines of railway, and two rivers. Numerous bridges have been built at the sole cost of the Corporation, with direct benefit to the owners of adjoining estates.

The Town Council of Carnarvon has made roads, gasworks, and waterworks, established a ferry to Anglesey, and has laid out a park, costing over £3000. About half the land of the town belongs to large landowners, who gain greatly by these improvements.

The Corporation of Crewe some three years ago extended the borough, and have carried out important street improvements and sewerage works, with the result that the land abutting on the highways, previously almost rural in character, has increased in value at least 2s. per square yard. (Town Clerk's estimate.)

Burnley: bridges increase land values.

Carnarvon: improvements benefit landowners.

Improvements at Crewe put up value of land.

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The *Times* of September 23, 1902, stated :

“The establishment of a large military centre at Salisbury Plain has caused the rental of the Ram Inn at Tidworth, which is now owned by the War Department, to go up from £40 to £475 per annum.”

The *Daily Mail* of May 24, 1906, referred to “the increase of 500 per cent. in five years in land at Northolt, purchased by

*Daily Mail*  
on suburban  
Land Boom :  
Northolt.

Sir Frederick Dixon-Hartland, M.P.,” as being probably due to its being “next door to a railway-station.” With regard to other London suburbs, the *Daily Mail* went on to say :

“The rise generally has not been so sudden or so great, but in West Ealing land bought for £400 an acre four years ago is now worth £800. Within the past five years values have doubled at Harrow, and land on the hill itself is fetching £1000 an acre. Round Stanmore values have increased from £500 an acre in 1891 to from £650 to £700 at the present time. At Edgware values are steadily rising, land being worth from £800 to £900 an acre. There has also been a continuous rise at Enfield. At Putney a few months ago an estate for which 25 years’ purchase would normally have been reckoned full value, found a buyer at 37 years’ purchase.”

At an inquiry held by the Local Government Inspector at Eastbourne on August 6, 1909, the Town Clerk (Mr. H. W. Fovargue) said that the Council had agreed to give £20,000 for 15 acres of land known as Gildredge Park, and situate between Old Town and the Drill Hall. He further stated that some members considered the price asked by Mr. Davies Gilbert was too high. The answer to the objection was a very simple one. The land adjoining the park belonged to the Duke of Devonshire, and the price of that land was £5000 an acre freehold. In some cases the price is more than £5000 an acre. The sites in Saffrons Road work out at £5250 an acre. The Town Clerk also stated that land in Eastbourne had not depreciated but appreciated in value. He had been in the town twenty years, and knew that there was a great difference between the existing ground rents and the old ground rents.

Eastbourne :  
the Duke of  
Devonshire's  
price for  
land, £5000  
an acre.

## CONCLUSION

### THE SOCIAL AND ECONOMIC IMPORTANCE OF THE NEW TAXES AND VALUATION

**T**HE Budget will at last establish the principle of levying contributions from owners measured by the true site value of their land, whether or not at the moment they happen to be putting their land to its full, or to any, use. The feasibility and fairness of this method of assessment is beyond dispute. Meanwhile, the absolute necessity in the public interest of adopting it has been becoming clearer month by month and day by day. Until we touch economic rock-bottom by basing, to a substantial extent, taxation upon true land value, all other attempts at social reform are in danger of being thwarted.

For raising revenue for old age pensions and other purposes, the Taxation of Land Values is the only serious alternative to Protective taxes which throttle industry and increase prices. But the need for land valuation and taxation depends not only on the need of raising further revenue. Even if no fresh revenue were needed, the necessity would be imperative on social and economic grounds. The land question lies at the root of the social and economic questions with which the Government is pledged to deal. The land question cannot be solved, indeed no real approach can be made towards its solution, without a national record of true land value, and the levy of taxation on that value.

The Taxation of Land Values will secure for the public a part of those values which the public itself creates. But it will do much more. It will bring an extension of freedom, freedom to produce as well as to exchange, an elimination of those conditions which at present restrict the opportunities to work and close the avenues of wealth, enrich the few at the expense of the many, and cause injustice and obstruction in

Its urgency on financial, social, and economic grounds.  
Taxation of Land Values will bring freedom to produce, and widen the field of employment.

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the industrial system. Chief among those restrictive conditions are, first, the power of those who control the sources of livelihood to say on what terms those sources may be utilised, and that they shall not be utilised at all except upon impossible terms; and, secondly, the burden of rates and taxes upon the processes and products of industry, which hamper and kill those processes, and make those products scantier and dearer. The Taxation of Land Values, by opening up fresh opportunities for the profitable expenditure of labour and capital, will tend to bring fresh chances to all of earning their livelihood. The right to work, and to enjoy the fair and full fruits of work, is the demand which is becoming more and more insistent. The central problem of politics is how to absorb into the body of workers that residuum of unemployed, who, earning nothing themselves and always ready to step into the shoes of those who are earning anything, tend continually to bring the rate of wages down. The widening of the whole field of employment, including a larger scope for the application of labour to land in a natural and remunerative way, is necessary for the solution of the problem. The Taxation of Land Values, inaugurated by the Budget of 1909, is an important step, too long deferred in our own country, on the sure and scientific road leading to that solution.