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1925

C.L.P. 27.

LAND VALUES TAXATION IN PRACTICE.

The Example of Australia:

A Word of Warning.

By

F. T. HODGKISS of Melbourne.

Published by the
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Landholding in Bedfordshire.

Three peers held nearly one-fifth of the county.

Class 1. Holders of more than 1,000 acres—41 persons held over one-third.

Class 2. Holders of 100 to 1,000 acres:—269 persons held nearly one-fourth.

The above 331 persons held over three-fourths of the county.

Class 3. Holders of 1 to 100 acres:—1,825 persons held about one-eighth.

Class 4. Holders of less than 1 acre:—5,302 persons shared between them less than a three-hundred-and-sixty-eighth (368th) part of the county.

Landless.

138,817 others did not possess one square inch of their native land.

The Three Peers.

Bedford, Duke, 35,589 acres; Cowper, Earl, 9,347 acres; and St. John of Bletsoe, Lord, 8,853 acres. With 85,745 acres outside the county (the immensely valuable Bedford estate in London is not included here), they held 139,534 acres in all.

We demand every Penny of our National Land Rent

RIGHT NOW—

NO INSTALMENTS.

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COMMONWEALTH LAND PARTY'S DECLARATION OF PRINCIPLES

as set forth herein (see pages 20 and 21) are cordially invited to sign the same and forward the Enrolment Form to:—

The Secretary,
COMMONWEALTH LAND PARTY,
43, Chancery Lane,
London, W.C.2,
England.

FOREWORD.

It is no mere fiscal reform that I propose.—Henry George,

The following important survey of the position in Australia is written after practical experience of the " taxation " method of supposed approach to a solution of the Land Question. Mr. F. T. Hodgkiss is well-qualified to deal with the subject from first-hand personal knowledge acquired during many years of devoted, self-sacrificing effort in advocacy of the policy of the Taxation of Land Values in the Commonwealth.

Like many Georgists, he had thought that once a beginning was made, even with a " small tax on land values," the people would be quick to ask for more. The argument is plausible, but is open to the fatal objection that it reduces the fundamental revolutionary demand so eloquently voiced by Henry George, to the low and uninspiring level of a " mere fiscal reform," and, in the resulting contention over the amount of the " tax " or " rate " to be levied, the vital principle is completely obscured: there is no assertion of the equal right of all to life and, therefore, to free access to land!

Viewing the Australian position with an open mind, Mr. Hodgkiss finds it impossible to resist the conclusion to which he is driven by the logic of events: the " taxation " method is a proved failure and, himself a freeman in mind, he has the courage and honesty to admit the fact and to urge a change of method. His one object is, if possible, to prevent the peoples of America and Britain from repeating the mistake an increasing number of Georgists in Australia and elsewhere now see was made in attempting to remedy injustice by gradual fiscal changes instead of by uncompromising insistence that immediate justice should be done, and the land restored to the people by " diverting the rent which now flows to Land Lords into the common treasury of the whole people."

Before publication, copies of the MS. were submitted to leading " Taxationists," correction being invited. In no case was error indicated; the one objection raised being that it would show division in our ranks. Division exists, and only harm can result from concealment, for its cause is fundamental. The earth is the birthright and common inheritance of us all. Shall we who see this Truth insist upon immediate Restoration without money and without price, or shall we compound a felony and make terms with those now improperly withholding it from their fellows? For the C.L.P. there can be but one answer: " 20s. in the £ at 9 o'clock next Monday morning," as Henry George advised when in Australia.

Mr. Hodgkiss' frank criticism will provoke controversy leading to a clearer perception of fundamentals, and to a determination to raise the discussion to the high level of a Moral Issue. This is the vital need of to-day, and we commend Mr. Hodgkiss' informative contribution to the serious consideration of all who seek a way out of the present chaos.

J. W. G. P.

LAND VALUES TAXATION IN PRACTICE

The Example of Australia:
A Word of Warning.

By F. T. HODGKISS of Melbourne.

The enthusiasm with which the followers of Henry George in Australia first advocated Land Values Taxation was kindled by their faith that its introduction alone would seriously shock Land Monopoly; that every step in its application would give such satisfaction that more and still more of the reform would be demanded; that it would become a substitutionary tax, other forms of taxation being gradually abolished in its favour; that Twelve Steps of One Penny in the £ on the unimproved Capital Value of Land would bring about the Single Tax.

This faith exists to-day among many earnest followers of Henry George in Great Britain, America, and other countries. It is strengthened by reports of the alleged greatly beneficial effects of Land Values Taxation in Australia, and there is little doubt that if the Liberal and Labour parties in Great Britain take up the Land Question seriously they will be urged by British advocates of Land Values Taxation to look to Australia as their model in method and procedure.

It is therefore of great importance to examine how this faith has stood the test of experience in Australia where Land Values Taxation in practice to more than a small extent has been on trial for many years.

Has there then developed in Australia this anticipated demand for more and still more Land Values Taxation?

Politicians, who keep their ears to the ground, clearly think to the contrary.

The Victorian Labour party on taking office in 1927, faced with heavy financial obligations, and proposing new and increasing old taxation, thought it discreet to announce that it would make no increase in the State Land Values Tax.

Also in 1927, without protest or evident public concern the Tasmanian Labour Government reduced Land Values Taxation. The Federal Nationalist Government last year did likewise.

Have other taxes been reduced or abolished? Has Land Monopoly been rudely shaken?

Let us look at New South Wales the premier State of Australia. A circular letter appealing for funds was reprinted in the Sydney *Standard* of December 15th, 1927. It was signed by the President, Treasurer, and Secretary (Mr. A. G. Huie) of the Free Trade and Land Values League of New South Wales, a leading Single Tax League in Australia.

It stated: " During the past five years taxation, both Federal and State, has been increased at a very rapid rate. The Customs Taxation in a very few years has trebled, and this is reflected in a serious and progressive rise in the cost of living, with its consequent discontent, unemployment, and privation; it has been accompanied by a heavy rise in land values. . . ." The *Standard* of January, 1928, states, " the land hunger is most serious."

Clearly the old faith referred to, has not been justified. Nevertheless it still lingers. This is shown in the optimistic claim in the same circular letter as to " the widespread social improvement which would follow from only a small application of his (Henry George's) wisdom."

Yet to-day in New South Wales, apart from the unincorporated portion of the Western District over which the State Land Tax operates, Rating on Land Values only (with the exception of some anomalies) exists throughout the State, including the capital city Sydney, with its one million population. In addition, the Federal Land Tax is in operation—with a £5,000 exemption.

The Rates are levied upon the unimproved Capital Value (U.C.V.), i.e., on the Selling Value of the Land, exempting improvements, and average 4d. in the £. In exceptional places the rate exceeds 1s. in the £. (The English penny equals 2 cents, and the shilling 25 cents American money.)

Altogether, New South Wales, six times the area of England, has to-day far more than "only a small application" of Land Values Taxation. It is therefore pertinent to ask what justification, judging from present conditions portrayed by themselves, have the signatories to the circular letter for their claim regarding the virtues of the " only a small application " principle?

The speculative, high price of land in Australia; the chronic unemployment; the heavy, and ever-increasing demands for Government aid—eight million pounds being distributed yearly

in Old Age and Invalid Pensions alone, in a total population of six and a quarter millions, besides the large degree of private charity, should warn Georgians in all lands to be guarded in making eulogistic references to the alleged results of Land Values Taxation in Australia. Also to hesitate in disseminating optimistic prognostications as to " the widespread improvement which would follow from only a small application of his " (Henry George's) " wisdom."

Workers for Land Reform in Great Britain and elsewhere building their hopes upon " only a small application," those who proclaim abroad the wonders " One Penny " would accomplish, should seriously consider the words of Hon. W. M. Hughes, ex-Prime Minister of Australia, himself a land taxer, in his " The Case for Labour."

" One of two courses is open to us—either to go on as we are going and surely perish, or to resolutely sweep away land monopoly, root and branch. There is no middle course. A light tax is useless, nay, it is worse than useless, for it tends to bring a remedy which applied in sufficient doses is effective, into contempt."

While bad systems of taxation with their ill-results persist and flourish in Australia, on the other hand Land Values Taxation increasingly languishes. This is not to be wondered at. It has failed in its promise to break down land Monopoly, solve the Unemployment problem, etc., and the " only a small application," step by step, plan which the Land Values Taxation policy posits, may certainly be considered as contributing to the failure.

It is becoming increasingly plain that as long as any Land Rent still remains private property—while something can thus be gained for nothing—the general welfare must suffer.

Quack remedies for the evils resultant therefrom will inevitably thrive apace; as in Australia, with its Protection, Wages and Arbitration Boards, State Aid, Socialistic enterprises, and other nostrums: all however in the end intensifying the unemployment, poverty and other social ills they profess to cure.

It would take many years' hard work for George men in Great Britain, America and other lands to secure the degree of Land Values Taxation operating in Australia to-day. If gained, of what great value would it prove, judging by Australia's poor experience of her own results therefrom? For, despite the long and earnest efforts, and gains of the Single Taxers, there persist and thrive in Australia twin parasitic curses—serious Private Monopoly of Public Land Values, and Governmental Taxation of Private Property, with their consequent many ill-results.

Surely, therefore, Land Taxers in other lands should ask, Is the policy of the Australian Georgians of relying upon Land Values Taxation to secure fundamental reform the right

one to pursue? Does it show any indications of being an expeditious method of completely overthrowing Private, and Governmental aggressions, upon each other's rightful possessions, and of substituting the honest principle " to each his own."

If the answer be " No," should not the splendid energies of George men and women throughout the world be united and exercised in common effort in some more satisfactory direction? Why not " seek a more excellent way? "

II.

Australia taxes the Unimproved Value of Land (U.C.V.), that is, the value of land exempting improvements: the value being determined by what a willing seller would accept from a willing buyer.

Lloyd George, it is important to note, as it is probable the same principle may be revived in Great Britain, in his Finance Bill of 1909 laid down this identical method of Land Valuation for Taxation purposes: the value of land being defined as " if the land were sold in the open market by a willing seller."

Without consideration many followers of Henry George accept this principle of land valuation. Based upon it they look forward to gradually increasing the Land Tax on the Selling Value till the whole Rental, or Ground Rent is taken. Generally, in Australia, those who see the unwisdom of this method of valuation, in a mild way, say " Some day the present method will have to be altered," and leave it at that.

The leading advocates of Land Values Taxation everywhere, give practically no " lead " whatever against the introduction, or perpetuation of this system, yet the principle of basing the Valuation of Land upon its Selling Price is absolutely unsound, and acceptance of it must lead the Georgian Movement into a morass.

LAND-RENT IS NOT A TAX BUT A DUE OWING TO THE OWNERS OF THE LAND—THE WHOLE PEOPLE.

A TAX IS AN ARBITRARY DEDUCTION FROM THE RIGHTFUL PROPERTY OF THE CITIZEN ENFORCED BY THE POWER OF THE STATE.

TAXATION IS THEFT.

LAND-RENT IS NATURE'S BUDGET.

COLLECT IT ALL AND STOP STATE STEALING.

Many too believe, and here also there is very little education to the contrary, that if the first Penny upon the Selling Value take one twelfth of the Ground Rent, eleven more consecutive Pennies would consummate taking the whole, as one shilling in the £, or 5% of the Capital value, it is generally accepted, equals the Rental Value.

The deduction concerning the rising by Twelve Steps of One Penny in the £ upon the Selling Value bringing about finality is altogether contrary to fact.

Study of the following Tables should make quite clear the error of the Valuation being upon the Selling Value, and the fallacy that twelve rising Steps thereon of One Penny, or say six rising Steps of Twopence, or Two of Sixpence, would absorb all the Ground Rent.

For the purpose of illustration the total untaxed Unimproved Capital Value, and the Rental Value are here shown at £1,000 and £50 respectively.

Column 1 shows the Unimproved Capital Value upon which the Tax is levied, that is the Uncollected Ground Rent, capitalized, i.e., multiplied by 20 after the new amount of Land Tax is imposed. As the rate of the Tax is increased, with certain exceptions indicated, the Selling Value of the land decreases.

Column 2 shows the rate of the Tax levied upon the Selling Value, and also illustrates the number of Steps required to reach finality.

Column 3 shows the proportion of the Ground Rent of £50 paid in Land Value Tax, and Column 4 the balance remaining in private hands.

The Tables are worked out on a decimal basis; but portions of 1d. are here omitted which will account for what may appear discrepancies in multiplication.

It is not thought necessary to add a column showing the amount raised by the Tax (Col. 3), capitalized. In each case this capitalization, added to the capitalized uncollected Rent, makes £1,000, i.e., the full capitalization of the constant, total, annual Ground Rent pertaining to the land, viz., £50.

Throughout these Tables it is assumed that the Selling Value of the land (U.C.V.) remains unaffected by social changes causing increases or decreases in value.

Let us see how the programme operates; what prospect of finality it affords this day and generation; and whether the Ground Rent is all taken on reaching the Twelfth step of One Penny upon the Selling Value.

TABLE A.

Tax on Unimproved Capital Value (U.C.V.) rising by Steps of One Penny upon the Selling Value showing how the true Rent (Ground Rent) becomes apportioned between the Community and the Taxpayer.

Capitalization of the Uncollected Ground Rent, i.e., Selling Value.	Rate of Tax. Pence.	Tax (Ground Rent) Collected by Community.	Balance of Ground Rent Uncollected.
£ s. d.		£ s. d.	£ s. d.
1,000 0 0	1	4 3 4	45 16 8
916 13 4	2	7 12 9	42 7 3
847 4 5	3	10 11 10	39 8 2
788 3 11	4	13 2 9	36 17 3
737 5 4	5	15 7 2	34 12 10
692 16 1	6	17 6 5	32 13 7
653 11 11	7	19 1 3	30 18 9
618 14 8	8	20 12 6	29 7 6
587 10 2	9	22 0 8	27 19 4
559 7 4	10	23 6 2	26 13 10
533 17 2	11	24 9 4	25 10 8
510 12 7	12	25 10 8	24 9 4
489 7 5	13	26 10 2	23 9 10
469 17 0	14	27 8 2	22 11 10
451 16 10	15	28 4 10	21 15 2
435 3 11	16	29 0 3	20 19 9
419 14 9	17	29 14 8	20 5 4
405 6 6	18	30 8 1	19 11 11
391 18 9	19	31 0 7	18 19 5
379 8 8	20	31 12 5	18 7 7
367 12 3	21	32 3 4	17 16 8
356 13 8	22	32 13 11	17 6 1
346 1 8	23	33 3 4	16 16 8
336 13 5	24	33 13 4	16 6 8
326 13 2	25	34 0 6	15 19 6
319 9 3	26	34 12 2	15 7 10
307 16 8	27	34 12 7	15 7 5
307 7 7	28	35 17 3	14 2 9
282 15 8	29	34 3 5	15 16 7
316 12 4	30	39 11 6	10 8 6
208 9 3	31	26 18 6	23 1 6
461 9 6	32	61 10 7	—

It will be seen that when the 12th Step of One Penny (1s.) upon the Selling Value is reached, only a little over one half of the Rent is taken by the Community. That by the 24th Step (2s.) two-thirds are taken. At the 29th Step a series of erratic changes commences. At the 31st Step (2s. 7d.) the Rent taken in Taxation falls back to nearly the 13th Step (1s. 1d.) level, and approaching to half the Rent is again left in private possession. At the 32nd valuation, the land leaps in Selling Value from £208 to £461, and the Tax, if imposed, from £26 18s. 6d. to £61 10s. 7d., necessitating a refund of £11 10s. 7d. A tax of 2s. 2d. upon the valuation would here take the whole Rent of £50. It is probable, however, that long before then all interest in Land Values

Taxation as a means of breaking down Land Monopoly would have departed.

As there would now be no Selling Value left, at the next assessment nothing would remain to be assessed. Upon a non-existent taxable value nothing could be raised by taxation. If nothing were raised the land would jump back to £1,000 Selling Value. This absurdity is logical. So much for a valuation principle which after wearisome wandering at last reaches zero!

This tedious programme of Steps (Table A) follows from the generally tacit acceptance of the principle of Valuation based upon what a willing seller will accept from a willing buyer. Each Step would probably take a prolonged period. Meanwhile, with Community earned values still remaining in private hands, land speculation and other ills resultant from private monopoly of land values would persist.

Some might believe it better to go by Twopenny Steps, and that Six Steps of Twopence would settle the question :—

TABLE B.

Tax on Unimproved Capital Value (U.C.V.) rising by Steps of Twopence upon the Selling Value, showing how the Ground Rent becomes apportioned between the Community and the Taxpayer.

Capitalization of the Uncollected Ground Rent, i.e., Selling Value.	Rate of Tax.	Tax (Ground Rent) Collected by Community.	Balance of Ground Rent Uncollected.
£ s. d.	s. d.	£ s. d.	£ s. d.
1,000 0 0	2	8 6 8	41 13 4
833 6 8	4	13 17 9	36 2 3
722 4 5	6	18 1 1	31 18 11
638 17 9	8	21 5 11	28 14 1
574 1 6	10	23 18 5	26 1 7
521 12 1	1 0	26 1 7	23 18 5
478 7 11	1 2	27 18 2	22 1 10
441 17 5	1 4	29 9 2	20 10 10
410 16 9	1 6	30 16 3	19 3 9
383 14 11	1 8	31 19 7	18 0 5
360 8 6	1 10	33 0 9	16 19 3
339 4 5	2 0	33 18 5	16 1 7
321 11 2	2 2	34 16 8	15 3 4
303 5 10	2 4	35 7 8	14 12 4
292 6 4	2 6	36 10 9	13 9 3
269 4 3	2 8	35 17 11	14 2 1
282 2 1	2 10	39 19 3	10 0 9
200 14 3	3 0	30 2 2	19 17 10
397 17 4	3 2	62 19 11	—

At the 6th Step (1s.) upon the Selling Value, instead of the whole rent, only a little over one-half is taken. At the 18th (3s.) the Community's share falls back to nearly that of the 9th Step (1s. 6d.). At the 19th Valuation the Selling Price nearly doubles, and there is a leap forward to more than double the previous Tax Income. A Tax of 2s. 6d. would at this stage about take the Ground Rent, £50. At the next assessment there would be no Selling Value to assess.

Social expenditures and developments alter the Selling Value of land. These changes in value, in their turn, affect the total number of Steps required to reach finality, nearly always increasing their number. This is not taken into account in the foregoing Tables; and they therefore err on the side of moderation.

Two Steps of 6d., rising to the Shilling, upon the Selling Value would be still more unsatisfactory. It shows an endless process :

TABLE C.

Selling Value.	Tax.	Amount Collected.	Amount Uncollected.
£ s. d.	s. d.	£ s. d.	£ s. d.
1,000 0 0	6	25 0 0	25 0 0
500 0 0	1 0	25 0 0	25 0 0
500 0 0	1 0	25 0 0	25 0 0

It should now be quite clear that the only correct plan is to levy directly and completely Twenty Shillings Rent in the £ upon the Annual Rental Value.

TABLE D.

Annual Rental Value.	Rent Levied Annually in the £.	Ground Rent Collected by Community.	Ground Rent Uncollected.
£ s. d.	s. d.	£ s. d.	
50 0 0	20 0	50 0 0	Nil.

All this illustrates Henry George's statement, " A principle that in its purity will be grasped by the popular mind loses its power when befogged by concessions and enervated by compromises."

Further showing the unsatisfactory results of Land Values Taxation based upon the Selling Value the following Two Tables are added :—

Someone with a plea for " moderation," and believing that a Sixpenny Tax upon the Selling Value could be relied upon to take " half " the Ground Rent might state he would be satisfied if a Tax of Sixpence were levied permanently upon the Selling Value, the value to be regularly assessed :—

TABLE E.

Shewing a fixed Land Values Tax of 6d. in the £ on the Selling Value.

Capitalization of the Uncollected Ground Rent, i.e., Selling Value.	Rate of Tax.	Tax (Ground Rent) Collected by Community.	Balance of Ground Rent Uncollected.
£ s. d.	d.	£ s. d.	£ s. d.
1,000 0 0	6	25 0 0	25 0 0
500 0 0	6	12 10 0	37 10 0
750 0 0	6	18 15 0	31 5 0
625 0 0	6	15 12 6	34 7 6
687 10 0	6	17 3 9	32 16 3
656 5 0	6	16 8 2	33 11 10
671 17 6	6	16 15 11	33 4 1
664 1 3	6	16 12 0	33 8 0
667 19 5	6	16 14 0	33 6 0
666 0 4	6	16 13 0	33 7 0
666 19 10	6	16 13 6	33 6 6
666 10 1	6	16 13 3	33 6 9
666 15 0	6	16 13 4	33 6 8
666 12 6	6	16 13 4	33 6 8

The first Sixpence would give satisfaction, for it would take one-half the Ground Rent. But it would never happen again ! As the result of the next Valuation on the Selling Price only one-quarter of the Ground Rent would be taken. The Selling Value would therefore increase 50%, a big unearned increment to anyone who might have purchased the Land at £500; and, this would be brought about by the Community's method of assessment. By the 13th stage the Selling price would have been reduced by one-third only. Thenceforth two-thirds of the Rent would remain in private hands, and the Community would get one-third only, and not " half " the Ground Rent, as anticipated.

Table E teaches that whether with a sustained, continuous 6d., 2d., 1d., or any other amount on the Selling Value assessment method, a process is always in operation bringing the return from the Tax to a standstill amount.

The following merely arbitrary Table illustrates what could happen under the Step Principle when taxing by rising degrees upon the Selling Value. It shows it to be possible to tax up to Forty-Five Shillings in the £, and even then not to take the whole of the Ground Rent. In fact the amount then taken in taxation is decreased while the Selling Value is increased threefold. A Tax of Thirty-Three Shillings and Fourpence in the £ in this case brings the matter to finality.

TABLE F.

Showing how Forty-Five Shillings in the £ fails to collect the Total Ground Rent.

Capitalization of the Uncollected Ground Rent, i.e., Selling Value.	Rate of Tax.	Tax (Ground Rent) Collected by the Community.	Balance of Ground Rent Uncollected.
£ s. d.	£ s. d.	£ s. d.	£ s. d.
1,000 0 0	6	25 0 0	25 0 0
500 0 0	10	20 16 8	29 3 4
583 6 8	1 0	29 3 4	20 16 8
416 13 4	2 0	41 13 4	8 6 8
166 13 4	5 0	41 13 4	8 6 8
166 13 4	5 6	45 16 8	4 3 4
83 6 8	11 0	45 16 8	4 3 4
83 6 8	11 6	47 18 4	2 11 8
41 13 4	1 3 0	47 18 4	2 1 8
41 13 4	1 3 6	48 19 2	1 0 10
20 16 8	2 5 0	46 17 6	3 2 6
62 10 0	15 6¼	48 10 0	1 10 0
30 0 0	1 13 4	50 0 0	—

Under the unsound Selling Value and progression by Steps principles a fog of uncertainty must ever prevail as to the ultimate number of Steps that will be needed to take all the Ground Rent; for the formula "Twelve Steps of One Penny" is worthless. Forty times that number might be necessary. The whole procedure resolves into a matter of trusting to muddle through.

The questions of assessment upon the Selling Value, and Taxation by Steps in the endeavour to collect all the Ground Rent are more than matters of curious and interesting Tables.

They involve whether Georgians shall follow wrong principles and toil on blindly; or, whether with foresight based upon due investigation they shall adopt the right course to reach the required goal.

III.

There is an alternative Step by Step plan which is rational. It is to progress by Twelve rising penny Steps to the ultimate Shilling—effective in this case—and, abandoning the Selling Value principle, to base the Tax upon the capitalization of the Rent left in private hands, plus the capitalization of the existing Land Taxes. As shown in the following Table, Twelve Cumulative Steps of 1s. 8d. in the £ upon the actual annual Rental Value, actual or potential, could also be relied upon to take the required 20s. in the £.

TABLE G.

Showing how the Total Ground Rent can be taken in Twelve Steps of 1s. 8d. in the £ on the Ground Rent—£50, or by Twelve rising pennies upon the Capitalized Value, £1,000.

Rate of Tax upon		Amount of Ground Rent Collected by Tax.	Balance of Ground Rent Uncollected.
Annual Value.	Capitalized Value.		
s. d.	d.	£ s. d.	£ s. d.
1 8	1	4 3 4	45 16 8
3 4	2	8 6 8	41 13 4
5 0	3	12 10 0	37 10 0
6 8	4	16 13 4	33 6 8
8 4	5	20 16 8	29 3 4
10 0	6	25 0 0	25 0 0
11 8	7	29 3 4	20 16 8
13 4	8	33 6 8	16 13 4
15 0	9	37 10 0	12 10 0
16 8	10	41 13 4	8 6 8
18 4	11	45 16 8	4 3 4
20 0	12	50 0 0	—

Having dismissed the absolutely unscientific method of Valuation being upon the selling basis the important question with regard to the alternative Step by Step plan is: How long would it be likely to take?

To make uniform in Australia, taxation upon the Rental instead of the Selling Value would entail the great task of securing the amendment of the existing Federal, and every State and Municipal Tax Act dealing with Valuation.

It is an important fact in Australia's experience that with the assessment only upon the Selling and not upon the drastic, bedrock Rental Value, the Step process in Federal and State Taxation after the first Step practically comes to a standstill. The Land Taxer's ideal—of rising symmetrically from an all-round minimum Penny to an all-round minimum Twopence, then a basal Threepence, and thus on by successive minimum Steps—in Australia shows no glimmer of realization.

After many years in no case yet in Australia's Federal and State Land Taxes has the basal minimum tax of One Penny risen above that amount to a higher basal minimum.

The Penny minimum has remained at that in Queensland for twelve years. In Federal, and Victorian and Tasmanian State Land Taxes there has been no advance beyond One Penny as a minimum, for seventeen years. To-day the Victorian minimum is ½d. The Tasmanian Tax in 1927 was reduced from 1d. to ¾d., and the Federal Tax was reduced by 10%. In New South Wales the basal Penny Tax after thirty-two years, is still in operation in the Western District.

In West Australia the minimum Penny continues after twenty years. In South Australia the minimum has not risen above One Penny for forty-three years despite during nearly all that period unceasing work by devoted Single Taxers in an energetic League. To-day it is ¾d.

But based upon and rising from the first Penny very many most obnoxious graduations have been imposed: and there are also exemptions from payment of the basal Penny itself.

These juggling, devious devices of politicians, persistently denounced by the Australian Georgians, but possible under the Step by Step plan are opposed to every principle of justice, and the economic teaching of Henry George. That the people consent to them shows the folly of being in too much of a hurry and forcing forward legislation ahead of public education.

To remove this lumber accumulated through the following out of wrong principles in legislation provides work for the Australian Georgians for many years ahead. Let Georgians in other lands so concentrate their efforts upon educational work that their politicians may be thwarted by public opinion from following on similar false and stupid lines. At all costs the most thorough spade work of George men should precede their incitement of legislative activities. It is suicidal to consent to the premature initiation of their reform merely to satisfy the seductive plea, "Let us take anything from politicians as long as we make a start."

With the unsatisfactory experiences of the long lasting minimum first Penny Step; with the present standstill, and in some cases retrograde condition of Federal and State Land Taxation; with the "small application," Step by Step process, based upon the unsound Selling Value principle, in operation and being relied upon for further advances, a discouraging prospect looms ahead in Australia for the early, complete realization of George's reform.

That this poor outlook is realized is shown in that the energies of George men in Australia are now chiefly devoted to endeavouring to round off the Rating System in those States where it is Optional; and to remove certain anomalies where the Compulsory System prevails. A Movement also exists which has been carried on for many years with the object of imposing Land Values Taxation sufficient to defray the Interest charges upon the State Railways and thus to reduce freights and fares. This proposed other employment of the "small application" principle, by extending the area and profitableness of cultivation, and by increasing the land values most likely by far more than the tax imposed, would however lead to higher land prices and rentals and still more land speculation.

In both the Rating and Railway Interest Movements there is the temptation of not so much devoting attention to

bringing up "the question of private property in land" values—the really fundamental issue—as to appealing to the "intelligent self-interest" of the Rate and Tax payers.

The Optional System of Rating on Land Values only, exempting improvements, should stand out as a warning to George men in other lands. Why optional? Why this special tenderness of our politicians in introducing a long proved, well tested, better method of Rating? Certainly nothing more ingenious could have been devised to divert men from concentrating upon fundamentals, and to keep them busy for the remainder of their lives upon local and subsidiary details.

In New South Wales the compulsory Rating on Land Values System was instituted twenty-one years ago—Sydney was added two years later. In Queensland it has existed for the last thirty-eight years. But notwithstanding this extended continuance of Rating on Land Values in those two States, both bear ample witness to-day to the existence in their midst of the land speculator and the "vacant lot industry," while public interest in and sympathy with the general question of Land Values Taxation have not been as might have been anticipated, appreciably strengthened.

Looking at those States, we can practically foresee what will be the likely conditions in the present Optional States, twenty or thirty years after the Rating Reformers have achieved the result of their arduous unselfish labours. George men in other lands who rejoice when still another Australian district or municipality has by vote adopted Rating Reform should bear all this in mind.

The average rate imposed in New South Wales and Queensland is about 4d. in the £. In extreme cases in New South Wales even up to 1s. 1⅝d. in the £ is levied. It may be said that in such cases the land is under-valued. This does not necessarily follow. The true Selling Value is the basis of Valuation and is watched for and marked by many assessors.

The real total Rental Value or Ground Rent can be practically ascertained thus: Say on a piece of land the rate be 1s. 1⅝d. in the £ and it realises £106. If this Rate were completely abolished the Selling Value of the land would rise to an amount represented by the capitalisation of the amount payable, *viz.*, £106. The present Selling Value is £1,880. The amount payable in Rates £106, capitalised at 5 per cent., would be £2,120. The Total Selling Value would then be £1,880, plus £2,120, or £4,000. The annual value or Rent of £4,000 at 5 per cent. would be £200. Therefore just over one-half of the rent (£106) is collected by the 1s. 1⅝d. Rate.

Or, suppose the present Selling Value (U.C.V.) of a piece of land be £120 and the Rate 4d., the amount of the Rate payable would be £2. This £2 capitalised would

come to £40. If no Rate were levied the value of the land would be £120 plus £40, which equals £160. The real Ground Rent 5 per cent. would be £8. The £2 actually received from the 4d. Rate is therefore one-quarter of the full Rental Value.

It might here be mentioned that under the Old Annual Value System in which land and improvements are assessed, in some instances perhaps one-half of the rates received is economic rent. Therefore, the additional levy under the New System may amount to only about one-half of what is nominally imposed. Vacant lots would, of course, pay proportionately more.

There is a great evil in George men concentrating public attention upon Rating Reform as if it went to the heart of the question of Land Monopoly. It does not do so, and for Georgians to deflect their chief energies in that direction practically belittles the Georgian Movement to one of a reform in Rating.

Rating Reform is an undoubted good. It is justice and common sense in Rating. But it has its limitations, as Australia shows. The revenue raised from the Rates being expended in local improvements, in many instances tends to restore, sustain and increase the value of both the used and unused land—though, of course, the non-user pays more than previously. A major operation is required to produce fundamental effects. Granted that full Rating Reform prevailed throughout Australia (it exists in two of the six States, though the Roads Boards of West Australia levy rates on similar satisfactory lines) and that it took one quarter of the Ground Rent, the crux of the problem would still remain around the complete taking of the remaining three-quarters of the Rent and the co-incident relief of the Community, including the land holders, from all Taxation.

The alternative plan earlier referred to of taking all the Ground Rent in Twelve Steps in gradual substitution for Taxation, though a better method, would probably involve as bitter a struggle as, and one many more years prolonged, than would the definite, direct plan of collecting all the Ground Rent at one stroke—Twenty Shillings in the £ on the total Rental Value—with the co-incident abolition of all Taxation.

Opponents of Land Reform will sooner or later grasp the enormous advantage to themselves of the Step process in the buttress it erects against radical advance. The first Step in Great Britain, whether upon the Rental or Selling Value, would no doubt lead to an increase of small land holders. Many Land Taxers would rejoice at this and accept, and proclaim it, as a triumph of their principles.

But they would learn to regret the day. The very term "Tax" provokes opposition. The first Step, then, would mean the creation of a new body of small Land investors who

would immediately become opposed in their own assumed self-interest to all further advances in Land Taxation. This is the case in Australia to-day, where the small men who to some degree owe their existence as landholders to Land Values Taxation and Rating Reform are now additional bulwarks of Land Monopoly.

Why then adopt, why follow out a policy which from this aspect carries within itself the seeds of its own defeat? Why work to create an army of opponents determinedly opposed to the interests of the community as a whole?

We stand, not for the breaking up of big estates, not for a "fairer," "wider," division of land. We stand for the just, equal right of "all" to the land. We stand for "Men."

From the lessons Australia teaches it is clear that to rely upon the "small application," Step by Step plan of Land Values Taxation, whether upon the Selling or the Rental Value, is somewhat similar in plan to relying upon current "Tariff Reform" to bring about real Free Trade. It is to court failure in the attainment in our own day of a just Land System and the abolition of Taxation.

But it is in our own day that the masses are crying for relief from their burdens, and it is only from radical and true Land Reform, and by taking the crushing weight of Taxation off the shoulders of the poor that relief can come.

Working as the Australian George men have done, in the best of faith, with patience, earnestness, zeal and self-denial, the world owes them a heavy debt for the great experiment they have carried out, and the very valuable practical lessons they have taught Land Reformers on Valuation, and the effects of the "small instalment" policy. The best thanks Georgians everywhere can render is to profit from Australia's experience of Land Values Taxation. It may thus be proved to have been a blessing to Great Britain, America and other lands—though meanwhile their earnest workers have chafed at the delay—that the Henry George Movement has in those countries been kept back so long. The knowledge in the meantime gained may prove of far more worth than the time apparently lost.

Another lesson Australia teaches is Canberra, the Federal Capital, where the Rent principle prevails—as it does to a small degree in London, with its very valuable West End properties there held and rented by the Crown. Canberra shows the contrast between the Ground Rent principle and that of the "small application" Land Tax process. There we see the Government directly collecting the Ground Rent —but failing, however, to abolish Taxation. It is worthy of note that active agencies are now at work opposing and endeavouring to overthrow Canberra's Land Rent system. Whether public education exists sufficient to resist the change remains to be seen.

IV.

The Land question in importance dominates all others. We are confronting an evil which, if not overthrown, will destroy our civilisation as it has destroyed others, past and gone. Let us realise the greatness, the solemnity of our task, and shrink not from great endeavour.

Experience shows we cannot effectively educate the people at the same time on the two questions, Land Rent and Land Taxation. In Australia the average man knows something about Land Values Taxation—as taxation; but that the Rent of Land belongs to the people, he—notwithstanding Canberra—scarcely realises, and that after 40 years of heroic Land Tax propaganda.

In all lands the only way to succeed in carrying our Reform lies in the education of the people in the principle that towers over all others—all the Land, and therefore all the Rent of Land, belongs equally to all. And, when the lesson is really learned, the only way to secure the practical recognition of this, is with clearly stated purpose to return men to Parliament, or Congress, to insist upon the collection, without evasion, prevarication, or delay, of the whole of the Nation's Land Rent for the public use and benefit, and " not a single tax."

It may be said that this process of restoring the land equally to all is a too sudden one. This is to talk as politicians, not as teachers. Ours to reveal a mighty injustice, and to show the way to overthrow it. Ours not to falter for fear the demand of the people for its overthrow will come suddenly. There is little likelihood of such rapidity in public education. As to when the demand for the enforcement of justice shall come, how Time may pave the way, how interests will adjust themselves to the approaching change, we cannot foresee, and it is not in our hands to determine. Ours to press on in our great educational endeavour, and ours to ensure as far as we can that education shall precede legislation. " Let Truth and error grapple. Who ever knew Truth worsted in a free and open encounter?"

Let George men everywhere seriously consider these questions of Land Values " Taxation," Valuation, " Small Instalments," and Step by Step methods. Also the current use of misleading and un-economic terms, such as " Taxation " of Land Values and " Single Tax." The very term " Tax " should be used only with opprobrium. Let us be known as " Georgians," not as " Single Taxers."

Rent is not Taxation. It is something different. It is Nature's Budget. The People's Rightful Inheritance. It is the People's Own Income. The Nation's Land Rent. Why, then, confuse the public mind by putting it into the same category with impositions and raids upon private property called " Taxes "?

We Georgians mean Rent, so " Rent " let us say. Let it ring throughout every land: " Rent, the whole Rent, and not a single tax." " Rent, the Whole Rent, and nothing but the Rent." Let us in all lands unite as one in laying this Foundation, firm and true, and thus prepare Mankind for the coming day of emancipation.

" The only true and just solution of the problem " (says Henry George), " the only end worth aiming at is to make *all* the land the Common property of *all* the people. . . . How shall this be done? Nothing is easier. It is merely necessary to divert the Rent which now flows into the pockets of the Land Lords into the Common Treasury of the whole People."—" The Land Question " (Chapter VIII).

There is more in our Movement than a fiscal reform. We demand for all men just relations to their natural environment, the Land. We seek the recovery of our lost sense of Brotherhood in the sharing of the gifts of our Common Father.

Henry George clearly saw the limitations of the Taxation propaganda method. He declared it was not enough. He said :—

" There are many Single Tax men who, seeing the beauty of our plan from a fiscal standpoint, do not concern themselves further, but to those who think as I do the ethical is the most important side.

" Not only do we not wish to evade the question of private property in land, but to us it seems the beneficent and far-reaching revolution we aim at is too great a thing to be accomplished by " intelligent self-interest," and can be carried by nothing less than the religious conscience."—" The Condition of Labour " (Chapter II).

These words are Henry George's message to us, and reveal his conception of the greatness of our Movement. For his " religious conscience " echoed the words :—

" The spirit of the Lord is upon me because He hath appointed me to preach the gospel " (of justice) " to the poor; He hath sent me to heal the brokenhearted; to preach deliverance to the captives; and recovering of sight to the " (economically) "blind; to set at liberty them that are bruised" by the inequity and iniquity of the Land System of to-day.

Let us, then, unhestitatingly and exultingly proclaim, till all men realise its truth, that the earth is the birthright of all mankind, the Rent of Land belongs to the People, and the first duty of Government is to collect it and abolish all Taxation.

(*The end.*)

" To change the basis of operations during a campaign always gives a chance to the enemy, but the chance must be risked if thereby we place ourselves permanently in a position of greater strength for offence and defence."—Karl Pearson. " Grammar of Science."

COMMONWEALTH LAND PARTY.

DECLARATION OF PRINCIPLES.

THE RIGHTS OF MAN.

Twice, after successful revolutions, Declarations of Independence and of the Rights of Man have been made.

Now, after an upheaval of the world which has left the minds of men confused, the Commonwealth Land Party address the following Declaration to men of good-will everywhere, as indicating the foundation upon which alone Society can be made secure.

The COMMONWEALTH LAND PARTY DECLARE, following the statement of the Declaration of Independence of 1776, and the Declaration of the Rights of Man by the French Assembly in 1798, that:

1. Every human being, by the mere fact of "being," has an equal and inalienable right to life (and therefore to access to the means of life), and a liberty bounded only by a like liberty of every other human being.

2. No legal enactment can deprive any human being of these inalienable rights, even with the consent of the individual; they are always and forever inalienable.

3. No human being, therefore, can have or obtain any exclusive right to ownership of the Earth, the source of all sustenance, the mother of all wealth. It is always and forever the inalienable property of all its inhabitants.

4. Security of tenure and exclusive occupation **(not ownership)** of portions of the Earth are necessary for the better production, transportation, and exchange of those things (wealth) upon which mankind depends.

5. Security of tenure and exclusive occupation of portions of the Earth can be in conformity with the natural inalienable equal rights of all, only if:

   The value of such exclusive occupation is taken annually by the Community, and expended in the service of and for the benefit of the whole Community. This value is **Rent** (or economic rent), and the measure of it is the difference in desirability, from any cause, of any portion of the Earth, as compared with the least desirable portion.

6. This **Rent**, or value of the bare site, appears as the result of the presence of human beings, and grows with the growth of the population.

7. The collection of this **Rent** for private use (as at present) is a denial of the right of access to the means of Life:

a denial of the justice of equality of opportunity: and has no sanction in equity or in natural (or moral) Law. It is, in fact, the assertion by some of a greater right to Life and Liberty than that right which should be enjoyed by all.

8. This denial of the equality of the right to Life has led to a denial of the real right of property in the things produced by labour, viz.:

   The imposition of unequal, unjust, arbitrary taxation on Industry, to meet public needs, on the principle that "Necessity knows no Law," which is the denial of the right of the producer of wealth to retain it for his or her own use. This denial of the right of property, together with the failure to collect for public use the annual value created by the public, is the real cause of wars, revolutions, involuntary poverty, and most of the disease and crime of the world.

9. The **Rent** created by the Community is sufficient in normal times, under just conditions, to meet the expenses of the public services, and to enable the managers of the public business to take care of the incompetent and the not as charity or benevolence, but as mere Justice.

10. No generation can bind a following one, and it is the right and duty of the living to do Justice, even if some who profit by unjust conditions suffer hardship.

11. No legislative enactments of the past that are contrary to the natural Law of simple Justice can be regarded by the living as valid; if there are any such, they should be ignored or repealed.

12. No human being can purchase or otherwise acquire any valid title to the right to exact toll from other human beings in exchange for permission to use the Earth. All claims to such, or for pecuniary compensation on the part of individuals claiming to "**own**" the Earth, for loss of power to confiscate public rent, as above defined, should be denied.

13. Whoever exercises labour on land after opportunities are equalised by the collection of the **Rent** of the bare land for the public Treasury, has an exclusive right to all the products of such labour, free from any arbitrary, confiscatory deductions by officials.

14. Proposals for the control of human activities by the State or Government are in the direction of economic slavery; any such, and any interference with the right of the individual to self-development and self-sustenance, are no substitutes for a freedom based on the foregoing principles and leading to a natural and voluntary extension of the co-operation under which alone Society can peacefully endure and prosper.

The COMMONWEALTH LAND PARTY realise that the obstacles to the establishment of a just relationship between man and the Earth, and therefore between the individual units of Society, can be removed in an orderly, reasonable, just, and constitutional manner, only when and if the Electorate in sufficient majority see the principles upon which Society must be constituted; and, recognising that the only true and just solution of the Social Problem is to make all the land the common property of all the people, by diverting the rental value, which now flows into the pockets of the Land Lords, into the Common Treasury, call for support for an attempt to return Members to Parliament pledged to carry out, at the earliest moment, the Will of the people to Freedom, through Justice and equality of opportunity.

The COMMONWEALTH LAND PARTY invite all interested in the proper solution of the questions which now vex us, to join up and make a united effort to carry into effect the principles clearly defined and urged upon the world by HENRY GEORGE.

For further information address:—

The Secretary, COMMONWEALTH LAND PARTY,

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