

## Scotland must recall its association with land taxation

**T**HE THIRD annual general meeting of the Highland Land League at Briar Bridge in 1886 saw representatives arrive from Cornwall and Wales to join the Scots in demanding a major change in favour of the landless and dispossessed. Co-operation between Parnellite Irish Land Leaguers and the visit to Skye of Michael Davitt had cemented a belief in land reform and Home Rule and a pan-Celtic mindset on land issues.

But one of the agitators who had pioneered Scottish Irish understanding was absent. John Murdoch's *Highlander* newspaper had staggered from financial crisis to crisis from 1873 to 1880. His work as a gauger, or exciseman, in Ulster, Lancashire and Scotland had opened the way to a Celtic Alliance. He had adopted a more radical approach by chairing and organising the campaign for the Single Tax, a land tax which was promoted by Henry George, the American land reformer, in 1884. Relations with the Land League deteriorated even before the compromise Crofting Act was passed in 1886, in the parliament which brought down Gladstone over the first Irish Home Rule Bill.

However, the resonance of Murdoch's idea directly affects the land reform debate in Scotland today, and as small nations search for ways to protect themselves and strong local markets in a world of uncertain global forces, we should look anew at land taxation as a way to control the unearned income of landowners of whatever origin.

**B**ack to Henry George *The Oxford History of England* soberly noted the progression of ideas in the 1880s as part of the awakening of socialism to confront the dominant age of imperialism. This progression, wrote R.C.K. Ensor, "started as a rule from Henry George's *Progress and Poverty*. George was not a socialist, but an American land reformer; his gospel was the Single Tax. But upon his catch-word unearned increment, much more than on Marx's surplus value, the thinking of the English socialist movement was based."<sup>1</sup>

Indeed, the land value tax (LVT) which George proposed was to produce the most thorough challenge to orthodox views of taxation on income and wealth. It led to legislation setting out rateable values for Britain as part of the great Liberal reforms which came to grief under the coalition government that was increasingly dominated by the Tories after 1916.

Nevertheless, both Liberal and Labour traditions championed LVT or its local government alter ego, site value rating (SVR), into the 1930s before another totalitarian world war introduced the Welfare State. This was only a palliative financed by taxation and social security deductions from wages and salaries, which aimed to remove the worst features of poverty.

Marxists quickly criticised "the fallacies of Henry George's programme as obvious", for "the levying of ransom on capitalists is possible only so long as they are willing and able to pay".<sup>2</sup>

However, these fallacies are far from obvious or proven in today's free market capitalist triumph over authoritarian socialism, which has created the global market. Neither meets the social, economic or environmental needs of the majority. So we should fast rewind the progression of political ideas to review the missed opportunities of the land value tax and other taxes which do not penalise work.

### Rob Gibson



**M**isrepresentation as a rule Henry George was a land reformer. His arrival in Glasgow on February 25 1884 was a slap bang in the middle of the great Highland land agitation. A year when the Highland Land League was formed in London and after George's meeting in Glasgow, which was chaired by John Murdoch, the Georgist Scottish Land Restoration League was also formed.

Murdoch, prior to 1880 one of the few land agitators north of the Border, had published from 1873 till 1880 his cash strapped newspaper

*The Highlander*. His firsthand experience of the Irish national movement's championship of land reform led him to encourage his compatriot Gaels in Scotland to link radical land reform and home rule. Yet his ideas were far more advanced and less popular than the demand for a Scottish equivalent of the successful Irish Land Act of 1880 which enshrined the three Fs (fair rent, free sale or fair compensation and fixity of tenure) in the programme of the Highland Land League.

From our point of view a century later, where Scottish land reform has once again a Highland cutting edge, we have been ill-served in judging Henry George's ideas by historical analysis of both the crofting communities' and labour movement's struggles. With the new appointment of James Hunter to chair Highlands and Islands Enterprise, we need to check out an unwitting misrepresentation of George and his ideas in Scottish history.

James Hunter, in his essay on the *Politics of Highland Land Law Reform 1873 - 1895*, wrote that "The [Highland Land] league had no connection with organised labour and was intensely suspicious of the quasi-socialist or Georgist solution to the land problem canvassed by groups like the Scottish Land Restoration League ...dedicated to the state ownership of land" (sic).<sup>3</sup>

Two years later, he made a single reference to Henry George in *The Making of the Crofting Community*. George was portrayed as "the American propagandist to whom land nationalisation seemed the obvious panacea for all social and economic ills".<sup>4</sup> There is no reference to *Progress and Poverty* in its extensive bibliography.

In 1986 Hunter returned to the subject in his essay in which he introduced the writings of John Murdoch. He noted Murdoch's opinion that the Irish farmer and the Highland crofter should be in the position to make good their traditional claims to the land on which they lived, and he continued:

These convictions, which were shared with Michael Davitt, led Murdoch to identify himself increasingly with ideas developed by the American social theorist and political reformer, Henry George - whose contention it was that all inequalities in wealth and opportunity could be traced to the fact that the ownership of land, humanity's basic resource, was concentrated in the hands of a small but highly privileged minority. George's views were to influence a whole generation of late nineteenth century and early twentieth century radicals and socialists.<sup>5</sup>



Hunter's interpretation was echoed in the work by socialist historian James D. Young, who wrote in his *Rousing of the Scottish Working Class* that George's "agitation for the nationalisation of land had an explosive impact on Scottish politics".<sup>6</sup> So between the prime historian of land reform and the firebrand champion of the Scottish working class, the significance of Henry George was less than fully understood.

Hunter had previously noted that the Scottish Land Restoration League attacked the Highland Land League's policy as "a miserable, unscientific compromise" with landlordism, while the league dismissed land nationalisation as "a delusion, an impossibility".<sup>7</sup>

**Harnessing unearned increment** The recent republication of William Ogilvy's essay, which was written secretly in 1782 in an era of Tory repression, re-emphasises a major Scottish philosophical contribution to the philosophy of land value taxation.<sup>8</sup> Yet this tradition had been virtually wiped out of the contemporary debate on land reform. While the LVT Campaign and the Green Party soldiered on in the 1960s, it was the property boom in the late 1980s which encouraged Liberal Democrat leader Paddy Ashdown to review site value rating.

The SNP's Scottish Land Commission noted the force of financial incentives and penalties in the context of land taxation in its 1996 report. A series of conferences such as the annual John MacEwen Memorial Lecture and the 1998 New Labour government consultation *Land Reform - Identifying the Problems*, have all rekindled the LVT flame.

Ironically, John MacEwen did stand for land nationalisation with unequivocal fervour, but the tide is now running in favour of a revival of LVT, supported by evidence from the long-term and successful application of SVR in Denmark, South Africa, some Australian states and in a number of cities in Pennsylvania, USA with beneficial results.

**Scottish democracy** Today, the major difference with the debate earlier this century is two-fold: first, the instability of the global market, second, the increasing global warming which the Rio and Kyoto environmental conferences have belatedly addressed.

At the Scottish level, the election of the first Scottish Parliament for nearly 300 years makes tax and land reform a strong possibility.

Other European examples such as Sweden suggest that up to 95% of local spending can be collected locally with the resultant local job creation and local accountability of councillors a major bonus. It is high time such an analysis was conducted in Scotland, since the SNP and LibDem parties both believe in stronger local government delivering more local services. Indeed, the SNP is committed to the constitutional principles of autonomy for local government and a power of general competence. The possible replacement of Council Tax with LVT must be seriously addressed.

The time is ripe for LVT. It is not only fundamentally just, it could mean smaller tax bills, less bureaucracy and a more efficient land market which outlaws land hoarding in towns and countryside. The public charge on rent is fair (based on the capacity to pay), difficult to avoid, and it promotes sustainable economic development.

## References

- 1 *The Oxford History of England 1870 - 1914*, 1936, p.334.
- 2 *The Common People 1746 - 1946*, Cole and Postgate, 1938, p.414.
- 3 *Scottish Historical Review* LIII pub. 1974, p.67.
- 4 *The Making of the Crofting Community* pub 1976, p.160.
- 5 *For the People's Cause*, HMSO 1986, p.37.
- 6 1979, p.148.
- 7 SHR LIII, p.67.
- 8 *An Essay on the Rights of Property in Land* by William Ogilvy, Professor of Humanity, Aberdeen University; Peter Gibb (ed), Othila Press, 1997.

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