

# LAND & LIBERTY

FREE LAND

FREE TRADE

FREE PEOPLE

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## AN EPOCH-MAKING BUDGET

### MR. SNOWDEN'S FINANCIAL STATEMENT

#### THE GOVERNMENT AND THE TAXATION OF LAND VALUES

(House of Commons, in Committee of Ways and Means, 29th April)

THE RIGHT HON. PHILIP SNOWDEN, THE CHANCELLOR OF THE EXCHEQUER, made his Financial Statement in the House of Commons, on 29th April, and introduced the Budget. Elsewhere we give a summary of the proposals and of their financial effect. The chief features of the Budget are: the reduction in taxation amounting in all to £47,943,000 in a full year, including £25,193,000 now levied on foodstuffs; the repeal of the protectionist "McKenna" duties; the repeal of the Inhabited House Duty; the repeal of the Corporation Profits Tax; and the reduction of the Entertainments Tax.

#### LAND VALUATION AND TAXATION

Towards the end of his Financial Statement, Mr. Snowden dealt with the question of Land Value Taxation, and said:

"I have come to the end of the Financial Statement, but before I sit down I want to refer to a subject in which hon. Members on this side are keenly interested. I mean land valuation and land taxation. Speaking on this subject a year ago, on behalf of the Labour Party, I said that when we sat on these benches we should deal with this question. We intend to do so. I am quite sure that my hon. Friends will not expect, after the short time we have been in office, that I can be prepared in this Budget with a full and detailed scheme; we want our proposals, when they are submitted to Parliament, to be thorough, well thought out, and at the same time as simple as possible. We have already begun the necessary preliminary work, and this will be carried on without delay. In the meantime, there are several things which can be done and must be done. The work of the Land Valuation Office since the repeal of the land duties has fallen into three parts: first, valuations for Estate Duty purposes; second, valuation in the case of sales or buying of Government property for other Departments; and third, similar work on behalf of the local authorities where Exchequer funds are involved. In the performance of these varied duties the Valuation Department had until last year the assistance of the information which was given on the occasion of sales of land or long lettings of land. These particulars not merely provided information as to the changing ownership and boundaries of land, but were invaluable as a source of information about the changing value of land. The circumstances in which the requirement of those particulars were repealed last year, against the advice of the preceding Government, are quite familiar to the Committee. In the view of this Government the Land Valuation Office

should be a strong one, and the Government valuer should not be deprived of any sources of information which may be of value. These considerations would be weighty at any time; they have added weight to-day, when the value of land is constantly changing. The necessary legislation to restore the powers lost last year, I regret to say, will not appear in the Finance Bill. I am advised that the proposal would be out of order for inclusion in the Finance Bill of the year, but the Cabinet hope to introduce a short separate Bill to deal with the matter.

"There is a further matter to which I should allude. Owing to the repeal of the Land Values Duties, there has been no recruitment in the Land Valuation Office for some time, and I am having inquiries made as to the strength of the staff, its adequacy for the work that has to be done, and especially its adequacy for the work it is proposed, and it is hoped, will be imposed upon it by a new valuation. In this connection I have had to review an intention of the late Government which appears to have been that there should be created a Central Valuation Department, absorbing the Land Valuation Department and a number of small Valuation staffs scattered about in various Government Departments. I have been unable to accept such a proposal. I think it is most important that the Land Valuation Department should be under the control of the Board of Inland Revenue. I want my hon. Friends on this side of the Committee to take my assurance that the Government attach the greatest importance to this question. We regard it as important from the point of view of unemployment, housing, and other reforms, and I ask them to take my further assurance that there will be no unavoidable delay in bringing this question to a direct issue."

#### IMPERIAL PREFERENCE

In the earlier part of his speech, Mr Snowden said:

"It will be within the recollection of the Committee that, at the recent Imperial Economic Conference, the late Government submitted certain proposals on this matter, and, as a result of the discussion that took place at that Conference, these proposals were subsequently added to. A pledge was given to the Dominions and Colonies to submit these proposals to this Parliament, a pledge which, in the words of the Prime Minister, 'we intend to fulfil to the last letter and to the fullest extent.' Subsequently there was an appeal to the country on grounds chosen, not by us, but by the late Government, and during the General

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Election these proposals for increasing, and adding to, the existing preferences, were brought prominently before the electorate. The result of that appeal is well known, and, obviously, it cannot be ignored. But apart from that, we, on this side of the House, though not for a single moment admitting that we are one whit behind hon. Gentlemen opposite in our desire to promote the best interests of the Empire, have never believed that the interests of the Empire would be best served in the long run by a system of tariff preference, and we have repeatedly expressed those views in this House by our votes on many occasions.

"In these circumstances the Government are unable to endorse the proposals of their predecessors. We greatly regret any disappointment that may be caused to the Dominions and Colonies, but for that disappointment not this but the late Government must bear the responsibility.

"So long as we remain in office we do not propose, in all the circumstances, to ask Parliament to abolish the preferences now accorded, which, we suggest, should remain on their existing statutory basis. But we wish it to be clearly understood that we reserve full liberty to propose to Parliament, whenever we deem it expedient in the general or financial interest, the reduction or the abolition of the duties on all the commodities to which preference now applies.

"The Government intend to allot a day, before the Committee stage of the Finance Bill, for a discussion of the preference proposals of the late Government at the Imperial Economic Conference. We shall place on the Paper a Resolution or Resolutions, declaratory in character, dealing with those proposals, in order to give to the House an opportunity of full discussion, apart altogether from the Budget proposals, and an opportunity for a free and unfettered decision. If the House should decide to adopt any of these proposals, we will, of course, make provision in the Finance Bill.

## MCKENNA DUTIES TO GO

## PROTECTION REPUDIATED

"I come to a matter which I anticipate will be more controversial than the proposals I have already put before the Committee, namely, the new Import Duties, usually called the McKenna Duties. These, as the Committee well know, were imposed in 1915 on imported motor-cars and motor-cycles—other than commercial vehicles—musical instruments, clocks and watches, and cinematograph films.

"It was made perfectly clear when these duties were first introduced that they were intended purely as a temporary war tax. The main argument which has been put forward for their retention from these benches since has been the need for revenue. I think the time has now come for these duties to disappear. On the other hand, I wish to avoid hardship to traders which might occur if the duties lapsed in two days without further notice. I propose accordingly that the duties shall be renewed until 1st August next, the ordinary date of renewal of annual duties, but that they must expire finally on that date. I am giving this extension of time to enable the trade to clear off their duty-paid stocks, and I think Free Traders in the Committee will agree that this extension is reasonable.

"As this question of the imposition of duties upon imported manufactured articles was made an issue by the late Government at the last General Election and the country gave a most decisive verdict against them, we are bound to give effect to that popular decision.

## INHABITED HOUSE DUTY

"The Inhabited House Duty has been with us, with an intermission of 16 years, for nearly a century and a half. It is the historic successor of the old Chimney or Hearth Tax. The Inhabited House Duty, I hope, is not so unpopular as that tax was, and it is collected, I hope, with greater humanity. It can at least claim that it exempts the poorest householders, but as a device for estimating a person's capacity to pay by obvious signs of wealth, the Inhabited House Duty is little better than a sham. Further, to large sections of the working and professional people of very moderate means it is an unnecessary and irritating addition to more necessary and more reasonable burdens. Some remission was made last year. I propose to repeal the Duty altogether.

## CORPORATION PROFITS TAX

"Now there is another Inland Revenue Duty, the Corporation Profits Tax. It was unloved by its parents, it was reviled by its subsequent guardians, it was condemned by every Party, not least by the Labour Party, it was sadly crippled by the right hon. Gentleman a year ago, and it has quite obviously only been awaiting its final doom. I do not think its originators ever claimed more for it than this: At a time when trade was very good and taxation was heavy, when more revenue was needed, this tax seemed to be less objectionable than some other taxes which might have been suggested. Circumstances are quite different now. Trade is bad, and the captains of industry, the great leaders of industry, unite in saying that the Corporation Profits Tax is one of the factors hindering the development of trade. I think, therefore, the time has come for the Corporation Profits Tax to announce positively its last appearance. I propose to repeal the Duty as from the 30th June next; that is to say, profits arising after that date will be free from the Duty altogether. As a considerable interval, of course, elapses between the time when the profits are made and the Duty is assessed, the loss this year will not be very heavy."

Mr. Snowden concluded his Financial Statement in these words:—

"I thank the Committee for the patience and interest with which they have listened to my speech. But I want very briefly to summarize the proposals contained in the Budget. The Budget imposes no new taxes. It makes no additions to existing taxes. It proposes to abolish the Corporation Profits Tax; to abolish the Inhabited House Duty, to give concessions to the owners of motor vehicle licences, to extend the allowance for a housekeeper, to make certain Post Office concessions, to abolish the duties on imported manufactured articles, to reduce the Entertainment Duty by nearly one-half, to abolish the duty on sweetened table waters, to abolish the 5 percent. additional duty on dried fruits, to reduce the tea duty by 4d. per pound, to reduce the duties on cocoa, coffee, and chicory by one-half, to reduce the Sugar Duty by 1½d. per pound, and to leave over the funds necessary to improve Old Age Pensions.

## THE "FREE BREAKFAST TABLE"

"This is the first Budget of the first Labour Government. This is the best I have been able to do in the short time we have been in office. I think we can confidently appeal for the support of the majority of Members of this House. These proposals are the greatest step ever made towards the realization of the cherished Radical ideal of a free breakfast table. [HON. MEMBERS: "Hear, hear!"] They will, I am sure—those cheers show—be heartily

welcomed by hon. Members below the Gangway, as well as by those of my own Party. They give some benefit to every man, woman and child in the country. The Budget is vindictive against no class, and against no interest.

I have distributed the relief that I have been able to afford in such a way as to confer the greatest benefit upon the greatest number. I have done it in a way which, I believe, by increasing the purchasing power of the people, will stimulate trade and industry; and I have kept in mind always the vital necessity of maintaining unimpaired the national credit on which the very existence of the country depends. I am glad to have been able to propose this substantial relief of the burden of taxation which, for the last ten years, has been borne with such commendable fortitude by every class of the community."

**Protection in New Disguise.**—Mr. Masterman did well in the House of Commons on 16th April in his exposure of a new Protectionist move to exploit the housing programme of the Government. The serious thing is that the agitation is voiced in an official publication and is the one outstanding result of Mr. Wheatley's endeavour to bring together all sections of the building trade for a great co-operative effort in house-building. The manufacturers and suppliers of materials answer with what amounts to an ultimatum. They must be sheltered from foreign importations, and very astutely they advance the usual protectionist contentions that the prevention of imports will "give employment," in this case in two directions, in the making of materials and in the building of houses. It is a glorious opportunity for them to establish the rings, trusts and combines the Prime Minister said he was out to smash, and they are making the most of it. It does not seem to matter what happens to the cost of houses.

The statement of the Manufacturers and Suppliers Committee is printed as Appendix B in the Report (Cmd. 2104) of the National House Building Committee representative of the Employers and Operatives in the Building Trade. The offending paragraphs are as follows:—

In the opinion of the Committee, it is extremely desirable, in the National interests, that no foreign manufactured goods should be used on houses built under Government subsidy. It requires no arguments to show the fallacy of any policy which, while relieving unemployment in one branch of industry, replaces the product of home labour by materials imported from foreign countries. Fully recognizing the necessity of economy on all hands in the carrying out of the Government Scheme, the Committee suggests that foreign manufactured materials should only be permitted to be used by consent of the proposed Statutory Committee who, when making its investigations, should fully take into account the benefits which the use of home manufactured goods would secure for the country in the shape of providing increased employment—with the resultant easing of the burdens connected with the provision of Unemployment Benefits and Poor Relief—and corresponding additional revenue from National and Local Taxation.

The only possible excuse for the use of foreign materials could be a very substantial saving upon the cost of available home productions, after taking into consideration the factors mentioned in the preceding paragraph.

It would be very difficult for the Committee to take any steps towards increase of output entailing installation of additional plant or extension of works in any section of the trade unless there were some safeguards against the unrestricted use of foreign manufactured goods on the houses built under the Scheme.

This statement is signed by H. P. C. Johnston, of Leeds, one of the representatives of the brick and clay industries,

and by Mr. P. M. Stewart, one of the representatives of the cement and lime industries.

We cannot believe that the Government, taking into consideration its concern for Free Trade so fearlessly proclaimed by Mr. Snowden in his Budget speech, will for a moment listen to such a shameless proposal.

**Crude Rating Proposals.**—We report elsewhere, from the Parliamentary Debates, Sir John Simon's speech on the "Rating of Land Values" Bill, introduced in the House of Commons on 15th April under the ten minutes' rule. The Bill was read a first time by 244 votes to 119. The title of the Bill is a misnomer. It is not a Land Value Rating Bill. There is no provision either for a general valuation of land or for a general rate on land values. It is borne out in Sir John Simon's speech that the intention is to set up special machinery whereby only *new* buildings and improvements will be exempted from local taxation and to rate land now vacant or under-developed at its "annual land value" (5 per cent of selling value of land apart from improvements) instead of upon its present rateable value. The idea is that this purpose can be achieved by substituting annual land value for rateable value wherever it may be proved that annual land value is more than the rateable value, and provisions will have to be made for special valuations of particular properties to discover whether the former exceeds the latter. Such a scheme is arbitrary and haphazard and the complications introduced in this and other ways, too numerous to be examined here except at great length, would make the Bill absolutely unworkable. Even so, its proposals are unsound, because they would fail to establish the principle and policy of Land Value Rating.

Why is it that in this demonstration by Sir John Simon and his friends, under the "ten minutes' rule," the declared policy of the Liberal Party for Land Value Rating has been ignored or set aside? We recall the report of the Industrial Policy Committee of the National Liberal Federation and the Resolutions based thereon, which were adopted at Nottingham and Newcastle in 1921. There it was clearly set forth that the Rating of Land Values meant a rate levied on *all* land value in substitution for and in reduction of the rates as now levied.

**Agricultural Depression!**—The undernoted paragraphs telling of how rent keeps pace with agricultural progress are taken from the GLASGOW HERALD, 1st, 9th, 14th and 21st April.

Messrs. James Craig (Limited) held their annual let of the grass parks on Dalquharran, Dailly, Kilkerran, Maybole, and Boreland, Old Cumnock, when 31 enclosures were exposed. Spirited bidding resulted in all the fields being let at prices ranging from a fall in one case of 5 per cent. to an increase in the others of 15 per cent.

The grass parks on the estate of St. Fort, parish of Forgan, were let for the season yesterday at an increase of 7 per cent. compared with last year. Two fields of young grass brought £5 2s. and £4 7s. per acre respectively. Messrs. Andrew Oliver and Son let yesterday in Hawick Auction Mart the grass parks of Larriston, Liddesdale, which were 5 per cent. up from last year, and Whitfield, Hawick, which almost recovered the loss they sustained last year.

The grass enclosures at Ballochmyle Estate, Ayrshire, were let by public roup on Saturday by Messrs. Watson and Batchelor (Limited). Competition was keen, and the roup-roll showed an average rise of over 31 per cent. from last year's rentals.

Hetherington's Auction Company at Carlisle on Saturday let 300 stints or grazings for cattle on Burgh Marsh at prices which ranged from 31s. 6d. to 34s., compared with 25s. 6d. per stint a year ago. Ever at these prices the lettings were eagerly sought after and readily taken up.