

1928 £14,000,000, and in 1929 £17,800,000, and that thereafter the revenue from it will rise year by year by about £1,250,000 a year. The new revenue derived from this tax, together with the ordinary surplus this year, will supply the means for the rating reliefs to productive industries.

In order to balance the extra fiscal burden which this tax on kerosene* may throw upon the consumer, I propose to reduce the existing duties on sugar by certain amounts which will ensure, it is true, a small reduction, but will an appreciable reduction, of $\frac{1}{4}$ d. per lb. in the retail prices. Foreign white or refined sugar with a polarization of over 98 degrees will continue to pay the existing duty. By this means it is also possible to afford assistance to the British sugar refining industry.

The new scheme of duties is designed to encourage the importation of raw sugar, which must undergo a refining operation in this country, rather than the importation of the white sugar which is refined abroad.

It is a part of the main argument I am submitting that heavy vehicles that run almost continuously upon the roads do not at present pay their proper economic share of road maintenance. The 4d. Oil Duty will fall appreciably upon them, and I stand here to argue that it ought so to fall. There will be reductions in the licence duties on lighter goods vehicles and hackney vehicles, and there will be in addition a 20 per cent rebate of licence duty allowable for all heavy vehicles provided they are fitted with pneumatic instead of solid tyres.

We now begin to reach the fertile and agreeable regions of rating relief. We shall concentrate our relief on the producer. These reliefs will be afforded in two ways. They will be afforded directly by reduction of rates upon premises used for the purposes of production. The relief will be afforded indirectly by the reduction of the rate burden upon the freight carrying railways, the canals, harbours and docks. In the case of the railways, etc., the relief will only be afforded conditionally on those undertakings making equivalent reductions in their transport charges wherever practicable. The public utility undertakings—gas, electricity and water—are outside the scheme. With these exceptions any building or other property used for the purposes of production by means of manual labour will be included in the proposed relief—production not distribution. On the other hand, such buildings or parts of buildings as offices and residences lie outside the scope of the relief. The object of the Valuation (Ascertainment) Bill, which will speedily follow the Budget Resolutions, is to separate one class of property from the other.

Over the whole of this area it is proposed at the rate payment of October, 1929, to reduce the local rates by three-quarters. Farm lands and buildings will, therefore, from and in October, 1929, that is, after the rate payment of April, 1929, be at once completely and permanently relieved of all rates. The farmer will continue, of course, to pay rates on his residence in the ordinary way; but so far as agricultural production is concerned, he will be entirely free. There will be no chance of rates being raised upon him for any cause or in any district. The whole business of assessment and reassessment, as far as he is concerned, comes to a final end. Out's out. To him, after the middle of next year, the rates are dead, and, as the poet said, "Stone dead hath no fellow."

In addition to the direct relief to be given by the three-quarters of the rates which are to be remitted in the case of productive industry, there will be given

the further impetus of a reduction of railway and canal freights and of dock and harbour dues. The entire rating relief accorded to the railways, amounting, as far as we can at present estimate, certainly to not less than £4,000,000 a year, shall be concentrated on certain heavy traffics. One-fifth of the whole of that relief will be given to agriculture. The other four-fifths of the relief will be concentrated upon the following traffics—coal, coke and patent fuel, mining timber, iron stone, iron ore and manganese ore, and limestone for blast furnaces and steel works.

Coal will have a rate reduction factor which will go to the railways and will be used for reducing freights, and consequently it will cheapen the iron ore which arrives at the steel works, where again the special rate relief is accorded, and this cumulative relief will be passed on to the shipyard, where it will find the appropriate three-quarters relief. If these basic industries are restored to a prosperous condition, not through the agency of increases of price but through the agency of an increase of true competitive power, the benefit which they will derive will permeate upwards tier by tier to every part of our social and economic life, and will come back to us from abroad in the improvement of the balance of our trade.

According to the full returns which the local authorities from one end of the country to the other have been good enough to furnish at very short notice, the rates now paid upon productive industry, agricultural and manufacturing, and on railways, canals, docks, harbours, amount to about £34,000,000, constituting about one-fifth of the entire rate revenue. The cost of the complete derating of agriculture is about £4,750,000. Three-fourths relief in manufacturing productive industry direct through derating, and also through the medium of railways, canals, docks, and harbours, will cost over £21,000,000 a year. £3,000,000 will be required to inaugurate the new scheme of local government. Therefore, the total money to be found by the Exchequer will amount to £29,000,000 a year.

First Day's Debate

(25th April)

MR PHILIP SNOWDEN (Labour): The loudest cheer that greeted the speech of the Chancellor of the Exchequer yesterday came from the benches opposite when he announced that the landlords were to be put still further on doles. We get exactly the same anomaly in operation there as in connection with the manufacturing industries. The more valuable the land, the more profitable the purpose to which it is put, the greater will be the relief that the landlord—perhaps in the first instance the farmer—will get. The right hon. Gentleman cannot quite drive out of his mind his old belief in the iniquity of the increase in land values going into the pockets of the landlord. That came out, I believe unconsciously, yesterday. He said that these great firms are, in the main, the owners of the freehold upon which their works stand, and, therefore, the increase of land values would go to their benefit. The owners of agricultural land are also the owners of the freehold, and, if the increment value is going to the owners of commercial enterprises, it is equally certain that the increment value will go into the pockets of the agricultural landowners; as a matter of fact, nobody disputes that. It is a perfectly outrageous thing that hundreds of thousands of acres of land outside our towns which is ripening in value every day and which is being used at the present time for agricultural purposes is going to be relieved of rates altogether.

MR LLOYD GEORGE (Liberal): There is no dispute between any sections in this House as to the extreme

* The tax on kerosene (paraffin) has since been abandoned.—Editor, *Land & Liberty*.

desirability of lowering the rates upon industry. The Chancellor of the Exchequer is not the first person to start considering this proposal. Even the right hon. Gentleman who has just sat down (Sir Alfred Mond) has been considering it, and he has been urging upon us until quite recently that the one method of dealing with it was that of taxing land values.

MR CHURCHILL: You scrapped the machinery.

MR LLOYD GEORGE: That is quite wrong. It was the right hon. Gentleman's colleagues who scrapped the machinery. I think, however, it will be found that the right hon. Gentleman was just as zealous two or three years ago upon that subject as he was even in the days when the Chancellor of the Exchequer, too, was zealous upon it.

SIR A. MOND: May I remind the right hon. Gentleman that one of the greatest disappointments of my life was when he informed me, when I was a member of his Administration, that he had abandoned his taxes.

MR LLOYD GEORGE: As a matter of fact, that is not approximately accurate. I was not even in this country at that time, and so I could not have informed the right hon. Gentleman. The right hon. Gentleman is drawing, I will not say upon his memory but upon his imagination.

SIR A. MOND: My memory is quite accurate. The right hon. Gentleman told me himself of the withdrawal of these taxes at Number 10, Downing Street, in the Cabinet Room.

MR LLOYD GEORGE: When the Budget was brought forward I was not even in this country, but the right hon. Gentleman was.

In the case of agricultural land and mines, I should like to enforce what was said by the right hon. Gentleman the Member for Colne Valley. Just see what happens there. If the rates on agricultural land had not been subsidized since 1896, the rates would have been £12,000,000 to-day; £9,000,000 is borne by others, £4,500,000 by the State and £4,500,000 by other rate-payers in the agricultural districts. Does anyone imagine that this is not part of the rent? To say that it is not relieving the rent is to say that the farmer is not a business man. A sum of £36,000,000 represents the rent of the land in the country. If you had the rates untouched there would have been £12,000,000. Does anyone imagine that £48,000,000 would have been paid in rates and rent, or that the farmer, when he is taking a farm, does not look at all the overhead charges? Where the tithe is high, he takes that into account before he determines the rent he will pay; where the rates are high, he takes that into account before he pays the rent. It is a direct contribution to the landowning classes of this country. The same thing applies to the mines. The right hon. Gentleman who preceded me, said that the rates amounted to something like 6d. per ton. The royalties are exactly the same figure. When you come to consider the hypothetical rent, surely you must take that into account. The 6d. is paid, whether a colliery loses money or whether it makes money. At any rate, the royalty owner ought to make a contribution towards this distress. The right hon. Gentleman yesterday, when he talked about the contribution which is to be made out of the Road Fund, said that it was fair that the Treasury should bear half. Does he not think that the royalty owner ought to bear his share of the burden here? I wonder whether he has had figures given him showing what the working population of this country pay in rates? The rates upon working-class households, which represent so many of these cases, are nearly 10 per cent. of the income. Take the cases in which people are working

only two days a week, as in Lancashire, in South Wales, in Durham and in other places. The rates will be just the same, and, if anything, higher; they will be 20 per cent. No relief in those cases—none. Relief of great prosperous concerns in the South—great relief. No relief for the oppressed people of the North.

MR ELLIS DAVIES (Liberal): I have never quite understood why agricultural land should be subject to rates any more than the stock-in-trade of a shopkeeper. While I welcome this relief in regard to agricultural land, however, I would point out that in consequence of it the landowners' security must immediately be increased and I would like to know what steps are being taken to secure that this relief shall pass to the occupier of the land?

In the case, for instance, of the man who pays rates in his rent, what provision is going to be made that there will be a reduction of rent commensurate with relief which the landowner is to get in his rates? In a case where a farm becomes vacant, what provision will be made to prevent the landowner from increasing the rent to the extent by which he is benefiting in relief of rates? If provisions of this kind are not made, nothing whatever will go to the benefit of the occupier. I do not quite understand on what ground the successful owner of a quarry or a mine or a factory is to obtain substantial relief in rates, while there is to be no relief for the householder or the tradesman.

MR SEXTON (Labour): As I listened to the right hon. Gentleman, my mind went back 33 years to a time when I used to meet the right hon. Gentleman in company with Mr Keir Hardie and Mr. Hyndman. At that time, the Chancellor of the Exchequer was an ardent student of *Progress and Poverty*, and he supported the taxation of land values. In view of the fact that he has at last produced some scheme to deal with this important question, I found some difficulty when I picked up my paper this morning in reconciling the views expressed in his Budget speech yesterday with those he held 33 years ago.

MR MACLAREN (Labour): The Chancellor of the Exchequer asks us, with his tongue in his teeth, to offer him some help, advice and criticism. The best help that we can give him is to take the words of wisdom out of his mouth and hand them back to him in his hour of perplexity. This is what he said in 1917:—

“Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams drive swiftly along the roads, water is brought from the reservoirs 100 miles away, from the mountains, and all the while the landlords sit still. Every one of these improvements is effected by the labour and at the cost of other people. Many improvements are effected at the cost of the municipality and of the rate-payers. Not one of these improvements does the land monopolist as a land monopolist contribute to make and yet by every one of them the value of his land is sensibly increased.”

Here is a little bit of advice which we can offer him from a speech which he probably wishes he had never made.

We suggest that the way the Government are doing it, while ostensibly it would appear to be a relief, will, in fact, be no relief at all but will further entrench monopoly and enhance the value of land. The riparian landowners will be able to cherish the hope that in the near future they will pay no rates at all and will be left to continue their high game of speculation against the community, while the taxpayer will have the consolation of knowing that he has come to the relief of these riparian landowners and is helping the Tory party to still hold by a bribe the agricultural votes of the country.

The £160,000,000 of local rates will have to be borne by someone. Instead of it being borne by the monopolists, who have held this country by the neck for centuries, reaping the profits of every public improvement, the Chancellor of the Exchequer is prepared to leave the monopolists still entrenched. He has not the courage to go back to those old ideas and principles which he so eloquently advocated in the days when he wanted a seat in Scotland.

THE FINANCIAL JUGGLER

Mr Winston Churchill is reported to us on 25th April as having made a great performance. In the train townwards I heard the discussion of the knowing ones. Such praise as one heard was in general terms. No one seemed to have had time to master the details.

Meantime he is a long way off from his Edinburgh speech of 17th July, 1909. "In this country we have long enjoyed the blessings of Free Trade and untaxed bread and meat, but against these inestimable benefits we have the evils of an unreformed and vicious land system. . . . 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 pretending to liberate "production," whatever he may mean by that, the Chancellor is going to transfer the burden of rates not to the monopolist but to the consumer. The man who sleeps in a house instead of at his work is to have his rates increased so that the factory may escape. If he goes home in a bus, he is to pay a bit towards the subvention of rates in his bus-fare. The railways are to pass their burdens on to the passengers but not on to the freights. Competition is to be equalized as between motor-buses and railway trains. Meantime the landowners whose sites are abutting on the railroads and the main roads are to pay nothing from the enhanced value created by transport and the users of transport. Oh no: they can now expect a higher land value. The factory owner, in so far as he is not a distributor, is to be freed from rates and will be given the opportunity to pay increased prices for his land. Those who do not own the land will not be able to lower the cost of production as what they gain on the swings will be lost on the hobby-horses. Sites for houses will tend to become dearer, as the owner is now given the option to sell or let for a factory freed from rates as well as for a house burdened by them. Surely the Chancellor knows that any tax relief on buildings, if unaccompanied by a tax on land values, is only altering the method of burdening industry. If he does not know that, he formerly spoke as if he did. In any case one hopes that he will be reminded or informed, as the necessities of the case may determine.

One thing he has admitted and persuaded his Government to admit, *i.e.*, that taxation is a burden on industry and prevents the revival of trade. A wiser Chancellor will not shift it about. He will lift it off industry and place it on Land Values. W. R.

They could hardly do better than take as one of their mottoes the words they found on the notepaper of the League for the Taxation of Land Values, "Free land, free trade, free men." Let them aim at these three things. If they had free land and free trade—and they had neither at present—they would get free men. If they achieved these three things they would receive and would be entitled to receive the respect and gratitude of every one throughout the country, irrespective of parties or creeds.—Mr R. Lorimer, Liberal Candidate for Ayr Burghs, at a meeting in Prestwich, 2nd April. —*Ayrshire Post* report.

LANDLORDS AND RATE RELIEF

By Dr J. Dundas White, Ex-M.P.

In a letter to the *Times*, 26th April, Dr J. Dundas White wrote: "Mr Churchill's plan of completely relieving farm lands and buildings from all rates will mean that when present tenancies come to an end—and most agricultural tenancies are for short terms—landlords will be able to raise rents correspondingly, and their position will be further strengthened by holding the land rate-free. The more we unrate improvements, whether agricultural or otherwise, the better. But at the same time we should recognize our common right to the land which Nature has provided, and shape our system accordingly.

"A former Chancellor of the Exchequer, Mr Goschen, described rates on landed properties as 'a kind of rent-charge upon those lands for the benefit of the public.' His successor should readjust this public rent-charge equitably, by basing in each case on the market value of the land apart from improvements, and relieving improvements from rating. This policy would hold the balance true between public and private interests, by securing to the people what is rightly theirs and to the improver what is rightly his. In practice, also, it would have a double advantage, because the obligation to pay for the land, whether it is being used or not, would soon make unused and under-used land available for use on fair terms, while the unrating of improvements would lead to more improvements being made."

The View of Sir Edgar Harper, F.S.I.

Speaking on 25th April in the Chartered Accountants Hall, Manchester, at a meeting called by the Land Values League (*Manchester Guardian* report) Sir Edgar Harper said that one of the outstanding criticisms of the Chancellor of the Exchequer's proposals to reduce rates by 75 per cent in the case of the producer was that they all knew from experience of the Agricultural Rates Act that the relief would inure ultimately to the owner of the property and not to the producer at all.

The owner, as soon as occasion arose for reviewing the rent, would say: "You have now had 75 per cent taken off your rates so you can afford to pay me a good deal more rent." That was where the relief was going.

Sir Edgar's whole argument was, of course, that the best way of reducing the burden of rates on industry is to transfer the rate to land values. He suggested a tentative beginning with a rate of 1d. in the pound on the selling value of land, whether vacant or not. He thought it was essential to go slow in the beginning, but Sir Edgar could not quite conceal his conviction that the method would more than justify itself.

The speaker's criticisms of the present rating system were directed to showing up its well-known anomalies, and started from the assumption that it is more important to levy rates equitably than to reduce them in amount.

The failure to rate unoccupied land or property, the special burden which rates impose on the house, amounting almost to a tax on shelter, the injustice of rating machinery and improvements, all these absurdities of the present system were touched upon.

Twelve hundred and thirty-one ratepayers were summoned to appear at Grimsby County Policy Court to-day for rates due to the Cleethorpes Urban District Council. The bench gave all the defendants a month in which to pay; adjourning the cases.—*Grimsby Telegraph*, 13th March.