

## HOUSE OF COMMONS DEBATES

## THE FINANCE BILL

## SECOND READING

(5th June)

Mr SNOWDEN (Labour): I beg to move, to leave out from the word "That" to the end of the question and to add instead thereof the words—

"this House declines to assent to the Second Reading of a Bill which gives no relief in the heavy burden of taxation borne by the wage-earning class, imposes new indirect taxes, and proposes to raise revenue from national taxation for the relief from local rates of a particular class, irrespective of individual need, instead of promoting a fundamental reform of the rating system by levying rates upon site values which are created by the industry and enterprise of the community."

I propose this afternoon to confine my observations to the principles of local rating. I think there is general agreement, indeed, I think there are no differences of opinion, as to the need for the reform of our chaotic local rating system. It is out of date, and it is altogether inapplicable to modern conditions, especially modern industrial conditions. I also venture to submit the view, which perhaps will not be so generally shared, that it is not the amount of the rates which constitutes the burden, but the wrong method of assessment and the unfair incidence of the rates. We may agree with the Chancellor of the Exchequer as to the need for reform, or, as I believe he put it, we may agree on the diagnosis, but differ as to the remedy to be applied.

(After a searching and critical reference to the new tax on petrol, Mr Snowden continued):—

Nobody knows better than the Chancellor of the Exchequer what is going to be the ultimate effect of the change which is proposed by this scheme. It cannot be more than a temporary relief, and this form of relief—it is no use denying it—must sooner or later pass on to the rent, and will therefore become an addition to the income of the ground landlord and those who take rent from property.

You can have no relief of the rates so long as you allow land values to be appropriated by private individuals. All forms of relief of this kind go back to the landlords in the shape of land values. Every relief of this kind is ultimately passed on to the community and finds its way automatically into the landlords' pockets. If there is a rise in wages we are able to move forward a little because the worker is able to pay a little more for the things he wants. The opening of a new railway or tramway, the establishment of improved services for workmen, the lowering of fares, or a new invention very often confers a benefit on the workers in any district, and it becomes easier for them to live. The ultimate result, however, is that the ground landlord and the landlord, one on top of the other, are able to charge more to the community for the privilege for living there.

I gather from the smile on the face of the Chancellor of the Exchequer that he recognizes that quotation, and I can appeal to no greater authority; I certainly could not put my case to the House of Commons in a more eloquent form than the Chancellor of the Exchequer has done. The price that the landlord is able to exact for the use of these privileges is determined by a number of considerations. First of all, the price is determined by the extent of the need of the people, the amount of land they require, and the population. As a matter of fact, every child born adds to the rent of the landlord. The more people you have living on the land, the more the ground landlord is able to take from the community for the privilege of living on the land. Every scientific advance, every machine improvement, everything that adds to productive power, finds ultimately its place in the rent that the landowner is able to take.

It is the same with regard to transport. Every improvement in transport services raises land values. We see

it going on everywhere, not only here in London and around London, but, now that motor omnibus services have covered the whole country, you find, alongside the roads on which you travel, on agricultural land which is at present relieved of 75 per cent of its rates and which next year is to be relieved of the whole of its rates, these notice boards:

"Eligible land for building purposes";

and, if you inquire the price of it, you find that it is not the agricultural value of the land that is asked, but 10, 20, 50, or even 100 times the value that could have been obtained for the land a few years ago. May I appeal again to a high authority:—

"It does not matter where you look, or what examples you select, you will see that every form of enterprise, every step in material progress, is only undertaken after the land monopolist has skimmed the cream off for himself. Everywhere to-day the man or the public body who wishes to put land to its highest use is forced to pay a preliminary fine in land values to the man who is putting it, not to an increased use, but, in some cases, to no use at all."

That is the opinion of the Chancellor of the Exchequer.

These instances of land values created by public expenditure for the needs of the community are well known to everyone. Less than two years ago the Corporation of Liverpool, anxious to carry out a street improvement, had to pay at the rate of £1,500,000 an acre for land. Every penny of that value had been created for the population by the industry and enterprise of the City of Liverpool. Again, take Sheffield, a city which is groaning under the burden of excessive local rates to-day. They wanted land for a school, and they had to pay 820 years' purchase on the rateable value of the land. They wanted to widen a street, and they had to pay 846 years' purchase upon the rateable value of the land. With regard to housing, I have here a case from South Shields. There were 9½ acres of agricultural land just developed for building purposes. Sixty houses have been put up on that site, and they are paying in ground rent £432 a year, yet before that land was needed for housing purposes its annual income was £38.

I dare say Members of the House will recollect a speech made by a former Tory Minister, whom I remember very well. His name used to be Sir Albert Stanley, and he is now Lord Ashfield, the Chairman of the London Underground Railways. They recently made an extension, as hon. Members know, out at Edgware, and he was complaining of the difficulty of getting the population out there, because the landowners there were holding up the land until they could get a higher price for it. Let us have the views of the Chancellor of the Exchequer on that. Taking the case to which I have already referred, he said:—

"There is the man who keeps a large plot in or near a growing town idle for years while it is ripening, that is to say, while it is rising in price through the exertions of the surrounding community and the need of the community for more room to live. I dare say you have formed your own opinion upon it. The Conservative Party generally think that it is an admirable arrangement. They speak of the profits of land and the land monopolies as if they were the fruits of thrift and industry, and a pleasing example for the poorer classes to imitate. We do not take that view of the question. We think it is a dog-in-the-manger policy. We see the imposture upon the public, and we see the consequences in crowded slums, in hampered commerce, in distorted or restricted development, and congested centres of population, and we say here and now to the land monopolist who is holding up his land—you shall judge for yourselves whether it is a fair offer or not—we say to the land monopolist, 'This property of yours might be put to immediate use with general advantage. It is at this moment saleable in the market at 10 times the value at which it is rated. If you choose to keep it idle in the expectation of still further unearned

increment, then at least you shall be taxed on the true selling value.”

That is the opinion, that is the conviction, of the Chancellor of the Exchequer; and what is he doing? Is he saying that to the land monopolist? No. He is saying to him, “Well done, thou good and faithful servant. You are only paying 25 per cent of a small rate on a very small assessment now. I will relieve you of rates altogether, and let you go on until this land has received an enormous further advance in value.”

What is the value of the sites of this country? I do not know—no one knows. We have not even an approximate estimate, but, at any rate, we can form some idea from those countries where they have accurate estimates of site values. Take New Zealand. In the last 47 years, the site value in New Zealand has increased from £62,000,000 to £339,000,000; in other words, from £129 per head of the population to £241 per head of the population. I do not think the average in this country would be as high as in New Zealand. If it were, the land values in this country would be worth £10,000,000,000. Even if it were £5,000,000,000, hon. Members can do a little simple sum in arithmetic and estimate what the annual income would be if the site values were rated, say, at 4d. or 5d. in the £.

The City Corporation of Sydney, New South Wales, a few months ago raised a loan in the London market, and there were some very interesting statements in the prospectus. There the local rates are levied upon the undeveloped capital value of the land. This prospectus stated that the total capital value of the City of Sydney was £61,500,000, and the average annual value about £8,000,000. All the local rates raised by the Corporation of Sydney are raised by a tax on site values. There is an addition of a water rate, and, I think, there is a drainage rate. The main services, such as police and education, are State charges in New South Wales, but a rate of 3½d. in the £ raises the whole of the strictly municipal expenditure of the City of Sydney. What has been the effect? During the time that this system has been in operation, that is, during the last 15 years, the population of Sydney has risen from 500,000 to over 1,000,000. This system operates all over our Dominions, and in some Continental countries, particularly and very successfully in Denmark, and, as the right hon. Gentleman says, throughout Europe the systems of land tenure are far superior to our own.

Now we submit this as an alternative proposal to the financial proposal which is embodied in this Bill. I have made no attack upon landowners. I do not blame them. They have a perfect right to take advantage of that of which the law permits them to take advantage. It is not they who are blameworthy, it is the State which is blameworthy, as long as it allows such a system to exist. I challenge the Chancellor of the Exchequer and I challenge any Member on the other side to defend this system. Can anyone say that the fruits of local rates, the fruits of industry should not be retained by industry, but should go into the pockets of certain individuals who have contributed nothing by their labour or industry to the creation of that value? With confident belief in this we submit this Amendment to the House of Commons.

**THE CHANCELLOR OF THE EXCHEQUER (MR CHURCHILL):** No one could complain of the tone and temper of the speech of the right hon. Gentleman. It was the result of careful reflection; it was expressed in language almost entirely devoid of prejudice, and, for my part, as the result of that speech, I am only for the moment left with one question to ask—Is that all you have got to say against the scheme of constructive rating reform which we have proposed?

What are the two criticisms which the right hon. Gentleman has been able to select for adumbration this afternoon? He says that the Petrol Duty will be a burden. That is the first criticism. “I have never denied that the tax on petrol will be a heavy one. I will never deny that it is an evil, or that I wish the revenues of the country had been such as to enable me to dispense with such a tax.

The right hon. Gentleman's second point, and the alternative which he suggests for the tax on petrol, I gather, is the taxation of land values—[An hon. Member: “The rating of site values!”]—the taxation of land values

or the rating of land values. The right hon. Gentleman read a speech of mine of some years ago, and one which, I am bound to say, was familiar to me, because I have taken the trouble to re-read some of those statements quite recently, and I am bound to say that, leaving out what you may call the partisan gloss, which, in times of sharp political conflict is prone to be introduced into our deliberations—leaving all that out, I am not at all convinced that, among my arguments in favour of the rating of undeveloped urban land upon its true value, I employed any which were lacking in lucidity or reason. In the years that have passed a good many things have happened, and we must take notice of these events. In the first place, a whole group of these land taxes were imposed. [An hon. Member: “Never!”] A whole group of these land taxes were imposed by the right hon. Gentleman the Member for Carnarvon (Mr Lloyd George) when he was Chancellor of the Exchequer—Increment Value Duty, Reversion Duty and Undeveloped Land Duty.

**MR MACLAREN:** Were these taxes on land values?

**MR CHURCHILL:** They were certainly taxes directed to absorbing what is called the unearned increment of the land. They were all imposed, and after 11 years the whole group of these taxes proved a total failure. They yielded in the 11 years only £1,300,000, and so disgusted was the right hon. Gentleman with the result of the taxes that he abandoned the whole policy when he was Prime Minister, in 1920. The right hon. Gentleman suggested that he was out of the country at the time the taxes were dropped, but I can assure him his memory has played him false. I have verified the records. I make not the slightest suggestion of want of candour.

**MR LLOYD GEORGE:** That these taxes were abolished without my knowledge and consent is not what I meant to suggest. That would have been a very unfair insinuation against the Chancellor of the Exchequer. If I conveyed that impression I can only express my regret. It is not what I meant. It was in reference to the statement made by the right hon. Gentleman the Member for Carmarthen (Sir A. Mond) as to something he had said when the matter was being discussed. I was not there when the discussion took place, but I have not the faintest doubt that I was consulted and assented to it.

**MR CHURCHILL:** I am not making the slightest reflection on the candour or the good faith of the right hon. Gentleman. After all, the torrent of events that swept across us in these tremendous years through which we have passed must necessarily have made it difficult for any Minister who has played the part he has done and been concerned with such a multitude of affairs to remember exactly what the particular course was. The fact is that the right hon. Gentleman presided over both meetings of the Finance Committee of the Cabinet in 1920 which decided on the changes of taxation in the Budget of that year. This was before he went to the San Remo Conference and he presided over both those meetings at the beginning of April, 1920, and agreement was reached on all the changes in taxation.

**MR LLOYD GEORGE:** I certainly accept that.

**MR CHURCHILL:** And when the present Foreign Secretary, then Chancellor of the Exchequer, was challenged in the House of Commons by Members who said, when the repeal of these taxes was announced, that he repealed them while the Prime Minister was away, he said:—

“That is a foolish observation. The hon. Member obviously does not understand Cabinet procedure. Does he think that a decision of this kind was taken in the absence of the Prime Minister, or without his full concurrence or approval? We have unanimously come to the conclusion that the proper course to pursue is to repeal these duties.”

Apparently, the right hon. Gentleman is still continuing his course of instruction. I accept his statement that he was an assenting party to the repeal of these taxes. That is a very considerable thing, that the Minister and politician who put the greatest drive into this case that has ever been put into it should, at the summit of his powers, after 11 years of exhaustive experiment, not feel the slightest

hesitation in being responsible for the complete repeal of these three taxes.

But about site values and land values—of course there is a lot of politics in them. If we had to enter into a long discussion at present upon site values, that would be the surest way of obstructing all practical creative reform in the direction of the relief of rates on industry, and the rest of this Parliament would be spent in very exciting but utterly sterile arguments on the subject of land values, and on the principles which you should apply to their rating or taxation, and we should not make the slightest progress towards the very solid, serious task we have set ourselves to accomplish. Therefore I do not intend to make more than one general observation upon the question of site values, except to say that it is the best method of stopping the rating relief of industry. But I will make this one further observation, and I will make it in an interrogative form. Why did Mr Henry George fail? He was a great advocate of the single tax and he has one disciple, at any rate. Why did he fail, and why is it that his disciples are unable to carry on their political faith in modern times?

It was because he had been studying the world as it had been for generations and centuries, and arrived at certain conclusions on that basis, and the conclusion he arrived at was that land was practically the sole source of all wealth. But almost before the ink was dry on the book he had written it was apparent that there were hundreds of different ways of creating and possessing and gaining wealth which had either no relation to the ownership of land or an utterly disproportionate or indirect relation. Where there were 100 cases 20 years ago there are 10,000 cases now, and that is why radical democracy, looking at this proposition of the single tax—there are two enthusiastic single taxers left in this House—has turned unhesitatingly towards the graduated taxation of the profits of wealth rather than to this discrimination in the sources from which it is derived, and that is what we have done. Let me point out what has happened in the last 18 years. When this question of site values was being discussed in the Budget of 1909 the Income Tax and Super-tax together stood at the maximum, at 1s. 8d. in the £; it is now 10s. Death Duties were 15 per cent on the highest estates, whereas they now reach 40 per cent. There is not the slightest doubt that very vast changes have taken place in the whole of the methods by which taxation is raised, and those who wish to embark on any controversy upon the taxation of land values in the future must address themselves to the facts as they exist in this completely changed situation.

COLONEL WEDGWOOD (Labour): I ought to apologize to the Chancellor of the Exchequer. I imagined that he had changed his views with his Party, but I can see now that that was quite wrong. I was led away by extracts from his former speeches, on the question of the taxation of land values, to imagine for one fond moment that, when he was in the Liberal Government of 1909 he understood the question, he had grasped the mere elements, and he had arrived at the fact that land values were the creation of the community, and not of the owner of the land. So much we all grasp, but he never saw that the landlord is as big a burden upon industry, and that he can be as ruinous to depressed industries, as the rates which the Chancellor is now talking of removing.

We ask the right hon. Gentleman in this Amendment to grasp in its entirety the Free Trade position that any cheapening of production means a benefit to the consumer, and not to meet the cost of the reduction of the rates by a tax on other industries in the shape of the petrol which they use, but to meet it by a tax upon land values, which he admits, not only from his speeches of old days, but from his silence to-day, to be the creation, not of the individual landowner, but of the community as a whole. We ask him to meet this reduction of rates, which we all want to see, by putting a tax upon land values, which shall be a just tax. Further, by putting a tax upon land values, it will not merely benefit industry by relieving them of the burden of rates upon improvements, but will actually make all land cheaper, and put the landlord in a worse position for demanding excessive rents. We want

to get the double event—not merely the reduction of the burden of the rates upon improvements, but also a tax upon land values—and do it in such a way that the land will fall in value, and that the tax levied by landlords upon industry will be reduced, just as the rates are reduced by this scheme. Let me give the decision of the Committee on the Scottish Land Values Bill. It is a long time ago, but economic principles remain the same, however much people may change. The Committee said:—

“The justification for the adoption of the new standard of rating is that the land owes the creation and the maintenance of its value to the presence, enterprise and expenditure of the surrounding community.”

Finally, may I quote the authority of Sir Laurence Gomme, formerly Clerk to the London County Council? He said:—

“Local taxation is a legitimate burden upon site values imposed in return for benefits received.”

In this Budget, at the same moment that he is making such an admirable shop-window effort to advertise the advantages of relieving the rates upon industry, the Chancellor is actually removing £4,500,000 of rates levied upon agricultural land. He knows quite well that that relief will not be passed on to the consumer and cannot be passed on to the consumer, but that it goes straight into the pockets of the landlord. He knows also that it is not a sum of £4,500,000 only, but that the mere passing of this great Finance Bill, this wonderful constructive Measure of which we hear so much, will give the landlords in the increased value of their land, £90,000,000 cash down. Hon. Members laugh. I have the advantage of being a landowner, as I dare say a great many other Members have. You know what rates you pay on your agricultural land now—I do—and I know that in future when I come to sell my land I shall sell it free from agricultural rates, and I shall expect, and get, from the purchaser the capitalized value of the rate which is removed.

\*LORD HUGH CECIL (Conservative): The right hon. Member for Colne Valley and the right hon. and gallant Member for Newcastle-under-Lyme both dwelt mainly on this strange theory that the site value of land is the creation of the community in a sense different from anything else. That is sheer economic nonsense, and there is no truth in it whatever. It is a mere confusion of thought, because all values are created in the same way. They are all created by the demand operating on supply. I know the Chancellor of the Exchequer does not realize that, but it is so. The only articles which have no value are those articles which nobody wants and of which there is an indefinite, inexhaustible, and abundant supply. Those articles have no value. The air we breathe, necessary as it is, has no value because there is an inexhaustible amount of it.

MR HARNEY (Liberal): There is a fixed supply of land.

LORD H. CECIL: Yes, there is a limited supply of land, and everything of which there is a limited supply has value. It does not matter what article it is. The fact remains that if you can increase the supply of that article to an inexhaustible extent, then it has no value. In the case of site values, the value does not refer to anything else. It is something which is limited in amount, and, therefore, it has a value due to the pressure of demand. All restrictions of output, for example, increase the value of the article produced in the same way as site values. If there is less supply, then the demand presses on the output and on the market, and up goes the price.

MR MONTAGUE: If the argument of the Noble Lord is right, will he tell me what causes an increase in value when supply and demand are equal?

LORD H. CECIL: Equality is achieved at a certain figure. The greater the demand, the higher is the figure, and the greater the supply the lower is the figure. Really, value does not inhere in an article or in a person but in the human mind. Once you demand something, you get it at the figure fixed by the supply. It is the demand for an article which has a limited supply that makes its value. Therefore, the whole theory on which the right hon. Gentleman the Member for Colne Valley and the right hon. and gallant Gentleman the Member for Newcastle-under-Lyme (Colonel Wedgwood) have proceeded is nonsense, and there

is no distinction between the site value of land and the value of any other article whatever.

Do not let us listen to the foolish nonsense that would turn the Budget into a crusade against landowners, and would persuade this House and the country that there is something peculiar about the value of sites of land, because all such ways of thinking are a delusion and a snare, only originating in confusion of thought and only satisfactory to factious malice.

Mr MONTAGUE (Labour): Some little time ago the Noble Lord the Member for Oxford University (Lord H. Cecil) intervened in the Debate in a very extraordinary manner by introducing questions of abstract political economy. He based a great deal of his argument upon the idea of value in order to justify the rapacity of landlords and the right of people who hold a monopoly of land in urban and other areas to tax the community by excessive charges in the way of rents. He said that value was something which was due to the difference between the supply of articles and the demand for them, and that when the demand was high relative to the supply of commodities, the value would rise, and when the demand was low relative to the supply the value would fall. I asked a question, by way of interjection, as to what happened if supply and demand equalled each other? I asked that question for this reason, that it is not a question of a glass of water in the Sahara Desert or of exceptional cases like the scarcity value of champagne or pictures, but a question of ordinary economic facts and the production or sale of ordinary commodities produced in the competitive markets.

If supply and demand are equal then unquestionably you must have some basis in order to justify your conception of values other than supply and demand. The theory of values which we put forward is not the absurd theory that supply and demand create anything at all except scarcity on the one hand and the opposite on the other, both of which neutralize each other. It is all very well for the Noble Lord to talk in the way he did about values. Hon. Members opposite do not want to admit that values are really the product of human labour and enterprise, not the product of some abstract absurdity which justifies the rapacity of the landlord class.

Mr HARDIE (Labour): Every time that the question of land ownership is debated in any form in this House we always find that it is met with a bitterness which does not seem to characterize any other subject. As soon as the House begins to deal with land, and the revenues which accrue to landlords without any effort on their part, the opposition at once becomes very bitter indeed. The Noble Lord who spoke just now, and who seldom takes part in our Debates without creating a great deal of interest because he is so very well informed, as soon as he came to deal with the question of land forgot all his learning, it was thrown on one side, because he was filled with the idea of the sacredness of private ownership. The Chancellor of the Exchequer was in a very weak mental attitude to-day. He seemed to be completely taken off his usual form of debate by having his own arguments in favour of the proposal put forward by the Labour Party presented to him. Everyone realized that he was in real difficulty; he was talking against his own convictions, and no matter how he tried to gloss over his former statements, it was painfully evident I am sure to those who sat behind him that he was compelled to wriggle in order to try and find a way out of a really tight corner.

The City of Glasgow, like other industrial centres, has become prosperous, not because Lord This or Lord That owns the land of Glasgow. It has become prosperous because of the industry of the people there. There could have been no values in Glasgow but for the industry of the working community. Yet what do we find? When we get to the point at which a man receives sufficient to maintain his wife and his children, we find that all above that point is absorbed by the landlord. When we want to widen a street in Glasgow, or to tear out slums that are a menace to public health, and when we do so at tremendous expense, what happens? We make a nice open space. Is that an increase of wealth for the citizens of Glasgow? No. We have merely increased the power of the landlord to say, "Now that this land has been cleared, I am

going to have a bigger price for it."

The Chancellor of the Exchequer has made no attempt to-day to reply to the arguments of my right hon. Friend the Member for Colne Valley (Mr Snowden).

Mr MACLAREN (Labour): I cannot resist the temptation of saying something in reply to the Chancellor of the Exchequer's exuberant and virulent attack on what he was pleased to term the single taxer, Henry George, and the taxation of ground values. Our Amendment states that what we want is some fundamental reform in the rating system and the levying of rates on site values, and my right hon. Friend buttressed his argument with telling quotations from the Chancellor's speeches. The Chancellor's speech to-day was very disconcerting. He came to the Box and said there was a change of front, but yet there was the sentiment still left in the mind. He did not agree with much that perhaps he used to say in the course of political discussion. The right hon. Gentleman is undoubtedly one of the leading Parliamentarians of the day, but it was obvious that when he came to the Box to follow my right hon. Friend the Member for Colne Valley (Mr Snowden), he was somewhat compromised, and what compromised him was nothing more nor less than the truth, which he cannot evade, still clinging to his mind as a convinced reasoner on these economic subjects, that the rating of land values is a thing you cannot reply to. You may sneer at it or laugh at it, but, as an economic student, you cannot reply to it, because it is an invincible case.

After painting the horrid year of the national strike, and jumping into some reminiscent poetry of what might have happened if certain things had not happened, he turned to attack the Liberal Party, and it was a very astute move. It saved him from some trouble in dealing with my right hon. Friend's points. It certainly removed the difficulty of replying to his own old speeches. He said the right hon. Gentleman the Member for Carnarvon Boroughs (Mr Lloyd George) did more to force this question in the country than anyone who has ever taken a part in politics. He was referring to the Budget of 1909. He said the taxes in that Budget purported to be taxes on land values, that they were utterly futile and had to be scrapped, and that being so, it was useless to waste the time of the House in discussing our Amendment. The taxes that were embodied in that Budget were not based on the principle of taxing site values at all. They were four fancy taxes, which some of us protested against from the very inception. We knew that they would not have the effect which the right hon. Gentleman was advocating in the country. The Chancellor of the Exchequer and the right hon. Gentleman the Member for Carnarvon Boroughs, like many other Liberals, were advocating direct taxation of land values in the country, and here they were rigging up a Finance Act which bore no blood-relationship to the principle which they were advocating. These four taxes became unworkable, but they were not taxes on land values, and the right hon. Gentleman knows it, and I challenge him to deny it. None the less it was a Budget that roused the faith and hope of the population of the country. Finally, we saw it scrapped, the taxes abandoned, and remittances made to the landlords. If I were asked what is the cause of the downfall of the right hon. Gentleman the Member for Carnarvon and the wreckage of the Party below the Gangway, I should say it was the conduct of that Budget, the hope that it roused in the populace and the failure it came to finally in the House. The Chancellor of the Exchequer to-day became a little exasperated in order to find weapons wherewith to meet hon. Members below the Gangway, and asked what about Henry George? I only wish Henry George were in this House. It is interesting to hear the name mentioned at this time. I happen to know that the Chancellor of the Exchequer has done some very thorough reading of Henry George's writings, but I do not think it was altogether fair to make the statement which he did. He said that Henry George believed that land was the only source of wealth.

Mr CHURCHILL: Almost the sole source.

Mr MACLAREN: That makes it worse. Let me rejuvenate the right hon. Gentleman's mind on his own reading. Henry George says labour applied to land and

the products of land is the source of wealth production, and he goes further and says that no wealth can be produced without the use of land in some shape or form, and that anything which we do to help production will only increase the demand for the raw material, land. That brings us to grips with the proposition now before the House. The right hon. Gentleman and those who followed him, speaking as they did, rather inferred that we are not all anxious to unrate and untax industry. I say again that we are. I have advocated it, and so has my right hon. Friend time and time again. We are anxious to unrate and untax industry so as to give it a chance to get forward.

My right hon. Friend the Member for Colne Valley put a point to-day which I am now putting again, that unless you take the monopoly values of land as your new basis for assessment the relief you are now giving will find its re-expression in rent and will come back to the landowners in some shape or form. Taxation and local rates are a deduction from the wealth produced. The Chancellor of the Exchequer would be a bold man indeed if he dared to suggest that any arrangement which he may devise by this or by other schemes of giving relief is in any way going to relieve industry as a whole of that burden. You cannot get out of the present impasse unless you consider the proposition embodied in this Amendment to-day.

I have sat here all day waiting either for the Chancellor of the Exchequer himself or for some other Member in the House to deny the proposition put by the right hon. Gentleman the Member for Colne Valley, namely, that these advantages proclaimed in the Measure which we are now discussing will find re-expression in rent. I have waited all day to hear someone deny that proposition. If it is not denied, if no Member in this House is in a position to deny it, I will put this to the Chancellor of the Exchequer. I beg of him to give it some consideration because I am going to put it as a sort of constructive point to him. If it be true that the advantages which will accrue to industry will find a re-expression in ground values—and that has not been denied—any demand for raw material, any demand for the extension of factories, any demand for the extension of housing conditions around factories, will mean that the fresh impetus given to industry will find re-expression in rent.

The Chancellor of the Exchequer to-day pointed across at those benches and said that Henry George had one follower in this House. I wish that he had more. As a follower of Henry George, as a single taxer, if you like, I say that your political or economic beliefs may be whatever colour you like, but they will not have the same success as you might hope for unless you deal fundamentally with this question of the land. I hope that the right hon. Gentleman the Member for Colne Valley will after the next General Election, complete the task of relieving industries in this country and substituting for this rather complicated form a simple and definite plan, an alternative rating system of a flat rate on land values.

**MR DALTON (Labour):** To-night's Debate has, very naturally, centred round the rating relief proposals of the Chancellor of the Exchequer, and the alternative policy set out in the Amendment that was moved from this bench at the beginning of the day, and the Amendment of the Liberal Party, which has also been brought into the Debate. Whoever may reply, I hope he will answer the point that has been put as to why the proposal to levy a tax or a local rate upon site values is to be ruled out as quite impracticable in this country, when it has been done for many years with great success in practically every Dominion in the British Empire. How is it that this great Imperial party cannot take a few lessons from the Imperial practice of the outlying parts of the Empire, and why are we to be told that improvements in the systems of national and local taxation which have been carried out very effectively in Canada, Australia, New Zealand and South Africa, not to speak of many foreign countries, are quite beyond the wit of a Tory Government, assisted by an expert Treasury?

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The motion to reject the Finance Bill was defeated by 322 votes to 135 and the Second Reading of the Finance Bill was thereupon carried.

## FOURTH INTERNATIONAL CONFERENCE TO PROMOTE LAND VALUE TAXATION AND FREE TRADE

The Assembly Hall, The Mound,

EDINBURGH

July—August, 1929

The International Conference is convened by the International Union for Land Value Taxation and Free Trade.

Preparatory arrangements will be considered at a meeting of the Committee of the Union to be held at Headquarters Office, 11, Tothill Street, London, S.W.1, on Tuesday, 24th July (this month), with the President, the Hon. Charles O'Connor Hennessy, in the Chair. There will also be present Mr F. Folke, of Copenhagen; Dr Julius J. Pikler, of Budapest; and Mr Pavlos Giannelia, of Vienna, besides British members of the Committee.

Membership of the Conference is open to all who accept and approve the objects of the International Union—the promotion of land value and free trade as taught by Henry George. We invite the interest, co-operation and support of all readers of "Land & Liberty" and their personal association in the success of the event, whether they are near or far. They should enrol now either as visiting or honorary members, also joining the International Union if they have not already done so. The Conference Membership Fee, to be placed to a special fund for organization expenses, is £1, and is payable on enrolment or any time before 1st July next year.

The word is—enrol for the Conference and help to build a large and representative list of members from all countries, whether you can be present or not. But aim to be there, and let it be

### EDINBURGH FOR 1929 HOLIDAY IN ATTENDANCE AT THE INTERNATIONAL CONFERENCE

The *Scotsman* (Conservative) of 11th June gives prominence to a long report of a speech and emphatic declaration in favour of land value rating made by Mr Vivian Phillipps at the annual picnic of the West Edinburgh Liberal Association on 9th June. Mr Phillipps is Liberal candidate for the division, which he represented from 1922 to 1924. His speech is also reported fully in *Burdens on Industry* of June published by the Liberal Council.

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It is, we think, a matter for general regret among Liberals that Sir John Simon never mentioned the rating of land values as an alternative scheme to the petrol tax, although it was included in the Liberal amendment. . . . Sir John Simon was very much more in accord with the Liberal faith when he moved, on 15th April, 1924, a Bill for the Rating of Land Values. The following extract from it is noteworthy: "This Bill will go a long way to render unnecessary other forms of subsidy, and at the same time it does not call for the actual payment of any subsidy by either the taxpayer or the ratepayer."—*Burdens on Industry*, June.