

also would be allowed to rise to an economic level—the absurdly low rents now charged for many farms do not encourage the farmer to make the fullest use of his land. We would also adopt the policy which New Zealand, Australia and Denmark—successful farming countries with a large farm vote—have used for many years namely, a land tax, which falls not upon the buildings and improvements, but upon the economic value of the land itself.

“It is a commonplace of economic theory that this form of taxation (and indeed this alone) is no deterrent to production, and indeed encourages farmers and landowners to make fuller use of their land, to sub-divide it where possible and employ more labour. The experience of these countries shows how perfectly practicable systems of valuation and administration can be introduced, though it would take too long to describe them now . . .

“One can perhaps understand the Conservative Party carrying on its old opposition to any idea of a land tax. But why should a Labour Party policy committee reject the proposal of a land tax, which was specifically placed before them? Can it be that an increasing number of modern landowners, forming a sort of new aristocracy, are to be found in influential positions in the Labour Party?

“What the programme offers us, apparently designed to secure the same results as the land tax, is some sort of administrative nightmare of fixing ‘standard outputs per acre’ for every district and then penalizing farmers who fail to live up to them. Can there be any reason for preferring a complex and unworkable scheme to a simple and workable one—unless, once again, it is a desire for bureaucracy for its own sake?”

#### A Correspondent's Question

Mr. Colin Clark's article prompted a correspondent, Mr. A. J. Johnson, Brighton, to ask a number of valuable leading questions in a letter published September 12. Theoretically taxes on land values are perfect since they encourage rather than hinder production, but was not Mr. Clark guilty of over-simplification? If the solution to the problem was in fact so simple why had not some hard-pressed Chancellor of the Exchequer seized upon such an obvious source of revenue? Ricardo had put forward his theory of rent a century ago; Henry George had put forward proposals in 1879 for annexing this rent. The 1947 Town and Country Planning Act, with its development charge, seemed to Mr. Johnson to be a step in this direction, but it had “come to a miserable end last year.”

#### The Precedent of Other Countries

Response to the foregoing was made by MR. A. W. MADSEN, Secretary of the United Committee, in the following letter published by the *Financial Times* on September 24:

I would like to offer a reply to the questions put by your correspondent, Mr. A. J. Johnson (Sept. 12), relating to the principle of land value taxation and its practical operation. He mentioned Australia, New Zealand and Denmark.

Throughout the States of Queensland and New South Wales (in the latter with the exception of rates levied by certain water and sewerage Boards) the local taxation in both urban and rural areas is levied entirely on the assessed value of land, with complete exemption of buildings and improvements. In Victoria and South

Australia a number of towns and shires derive their rate revenues in the same manner, so that the principle affects agricultural as well as all other land. In Western Australia the “Road Districts,” which are equivalent to counties or shires, levy their rates for the most part on the value of the land alone, buildings and improvements being rateable only here and there.

In New Zealand the vast majority of the towns rate land values, as do quite half of the counties, the assessment always being the value of the land itself without respect to actual use or non-use. But the best example is Denmark. The whole country is valued every fifth year, showing for every holding—town land and farm land—its value apart from improvements. There is an annual national tax at a uniform rate on the land values so ascertained; and, in addition, each local authority, borough, county or parish, obtains part of its revenue by rates levied on land value as such. The point about Denmark, however, is that it is in the country districts—farm land—that the principle has been most fully developed and at the instance of the small peasant proprietors themselves.

As for our own country, there is a long story behind the agitation to institute land value taxation both for national and for local purposes. Bills have been repeatedly before Parliament, and three times the principle has seen its way through the House of Commons, but the fate of such a measure as Snowden's in 1931 belongs to political controversy that is outside the scope of this letter.

On the other hand, permit me to add that in no sense whatever was the development charge of the Town and Country Planning Act a step in the right direction. On the contrary. That charge was deplored and fought most strenuously by the advocates of land value taxation and they have at least some credit, by their exposures, for its repeal.

## LABOUR PARTY CONFERENCE

### Land Nationalization Rejected

The land of Britain is not to be nationalized within the foreseeable future. By an overwhelming majority the 52nd Annual Conference of the Labour Party meeting at Margate rejected during the afternoon session, September 30, a composite amendment to the land and agricultural proposals contained in the National Executive's policy statement *Challenge to Britain*. Standing in the name of the Lanark Labour Party and moved by MR. JOHN MACKIE a Scottish farmer and member of a county agricultural committee, the amendment called upon the Party to reaffirm the principle of land nationalization and urged the Executive to place a plan for its implementation before the electorate at the next General Election. On a card vote the amendment was defeated by 4,367,000 votes to 1,794,000.

The dominant theme of the debate at Margate, to which all who participated paid service, was the alleged need to wrest every possible ounce of food from Britain's acres. This discussion was confined chiefly to whether or not this object could best be achieved by means of existing legislation, principally the Labour Government's 1947 Agriculture Act, or by nationalizing the land. Judging from press reports, SIR HARTLEY SHAWCROSS, Q.C., M.P., alone made the case for collecting the unimproved value of land for public purposes by means of the taxation of land values although even he appears to have advocated the reform primarily as a means whereby agricultural

efficiency and production could be increased. It may be, however, that Sir Hartley would have been out of order had he dealt with the broader issues involved, or that the time at his disposal did not allow a more extensive consideration of the land question. Replying to the debate for the Executive, Mr. E. GOOCH, M.P., asked Conference not to support the Lanark amendment. The Executive could not accept the recommendation that it should prepare in time for the next General Election a plan to take the land of Britain into public ownership. Mr. Gooch emphasized, however, that the Executive was in no way opposed to the principle of land nationalization. Thus while the threat has been temporarily defeated, the proponents of land nationalization may be expected to continue their agitation during the months and years ahead, encouraged by the knowledge that only the question of timing divides them from their Party colleagues.

The treatment of Sir Hartley's speech by the press was not without significance, the attitude in some quarters apparently being, the less said about land value taxation, the better. The Labour *Daily Herald*, for example, in a three column report of the land debate completely ignored his contribution and even failed to mention that he was present. *The Times* reported briefly his opposition to nationalization, but cut out his advocacy of land value taxation. We rely here upon reports appearing in the *Daily Telegraph* and the *Manchester Guardian*. Sir Hartley recalled that 32 years earlier he had addressed a Labour Party conference and advocated the taxation of land values. He still thought that this was the most practicable way of getting the best use of land. "I am opposed to land nationalization because in two or three years' time, possibly sooner, Labour will again form the Government of the country, and will face problems of tremendous difficulty, particularly in regard to food production. Therefore we should adopt nothing unless we are certain that the next Labour Government can carry it out in its five years." Land nationalization could not possibly be carried out in that time. It would cost thousands of millions of pounds in compensation, which would be an insupportable burden, and the administrative problems of the take-over would take twenty years, which was a modest estimate. Ownership and control from Whitehall would not be the best way to obtain agricultural efficiency. "The industry would be thrown into confusion and uncertainty. Nationalization would impose on agriculture the dead hand of a bureaucracy larger than this country has ever known." Concluding, Sir Hartley Shawcross remarked that if the Tories had to choose, they would jump at nationalization rather than the taxation of land values.

No new arguments either for or against nationalization are to be found in the press reports of the discussion at Margate. Opponents included Mr. TOM WILLIAMS, M.P., former Labour Minister of Agriculture, and Mr. GEORGE BROWN, M.P., former Parliamentary Secretary to the Minister, who both repeated the contentions which were reported in our previous issues. Mr. S. DYE (Norfolk, S.W.) said that to buy out land at high prices would burden the farming industry for generations; at only £50 an acre, it could mean a rate of 10s. an acre for the rest of the 80 or 100 years. Storage, drying, and transport facilities, including facilities for fat stock and even for poultry, were more important than land ownership. Speaking for the amendment, Mr. JOHN MACKIE said that it did not imply nationalization of farming. The farmers would continue to farm the land: the State would

be asked to be the landlord—"and we hope it will be a better one than the present one." Mr. DESMOND DONNELLY, M.P., based his arguments for nationalization on the ground that it would provide equal opportunities for young men in the farming districts and thus would stop the drift from the land. He condemned as "an abject philosophy" the claims of those of his colleagues who said that nationalization would lose the Labour Party votes.

As already reported, Mr. E. Gooch, M.P., President of the National Union of Agricultural Workers, replied for the Executive. Although the 1947 Agriculture Act had its critics who said that it made some farmers too prosperous, it had in general benefited all sections of the farming industry. There was nothing wrong with the Act except that it had never been used as fully as it should have been. There was no reason why another Labour Government should not redeem the past and give the Act all the effect it could have. While accepting the principle of nationalization, Mr. Gooch said that it would not of itself produce a single additional ounce of food, it would be an enormous administrative and legislative task, and it would have a damaging psychological effect on agricultural workers.

### ANTI-NATIONALIZATION CAMPAIGN

A report of action taken by the United Committee in connection with the land nationalization proposals appears on page 110. The letter from the Secretary, Mr. A. W. MADSEN, referred to in that account, and published in *Forward*, October 3, was as follows:

"Who is putting up the money for anti-land-nationalisers?" Gladly I answer Mr. Dallas's rhetorical question blazoned so boldly across the back page of your September 5 issue. There is no mystery about it.

The "outside organization" which is spending money on circularizing local parties, Members of Parliament and other influential persons and sections of the Labour movement is the United Committee for the Taxation of Land Values.

Since one detects in Mr. Dallas's question an inference that this organization receives financial assistance from some unsavoury source it may be as well to repeat here the explanation that appears on the Committee's subscription form and many of its publications:—

"The United Committee for the Taxation of Land Values is maintained by the voluntary support of those who believe in its practical policy and would seek to advance it—the Taxation of Land Values and Free Trade in its fullness; the abolition of all taxes and privileges that restrict the production of wealth and prevent its just distribution. If this policy meets with your approval the Committee cordially invite your financial support."

Clearly an organization with so uncompromising a policy neither expects nor, in fact, receives support from any vested interest. Contrary to Mr. Dallas's assertion, much of our money comes from wage and salary workers—including Labour Party members—and retired workers who give of their savings and pensions.

---

At your Public Library ask for the new condensed edition of "Progress and Poverty," published by the Hogarth Press. If it is not there, fill in the application form, obtainable from the librarian, that it be procured. (We should be interested to be told).