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## Landed Interests in Battle Array

Wisely it is recognised, not least by the privileged pocketers of the economic rent of land, that land-value taxation cannot be "passed on" in higher rents and prices. It rests where it is placed on those who now appropriate the land value. Sometimes debaters try to argue otherwise, but the best testimony putting them right is the alarm expressed from within the landlord camp whenever that form of taxation is mooted. A striking instance is the directive newly issued by the Association of Land and Property Owners, operating as a "national organisation for the protection of all interests in land of every kind." The landed interests are alerted in the following terms:—

"When the members of the Labour Party—be they local councillors or Members of Parliament—think of ways and means of securing revenue, their minds inevitably turn to the possibility of taxing owners of land. The rating of site values has a special appeal to them and has been advocated by them for many years. Coming to recent times it will be noticed that Sir Hartley Shawcross urged the rating of site values in pre-election speeches. More recently a pamphlet has been issued by the Labour Party on this subject by Mr. R. R. Stokes. Furthermore, an amendment was moved by Labour members during the Committee stage in the Commons of the Rating and Valuation (Miscellaneous Provisions) Bill to permit local authorities to levy rates on site values. It seems, therefore, evident that landowners in the near future will be faced again with the prospect that one or other section of the Labour Party, in whatever influential position they may occupy, will seek to impose taxes upon them. It follows that owners of land, if they wish to resist these proposals, ought to be ready with their counter measures . . ."

### A Challenge to the Parties

Here is a demonstration that should impress the ranks of the Labour Party, setting at rest any doubts or hesitancy they entertain as to the justice and effectiveness of the land values policy. The question is which section, the ardent or the diffident (for the party contains both elements), is to gain the greater influence and so dominate the body as a whole. The same applies to the Liberal Party, which deserved equally the compliment of having advocated land-value rating for many years. Let them not be aggrieved by the omission. Both parties can see the commotion caused by the occasional speech and the occasional pamphlet (the authors only committed) advocating certain proposals. They are as kites that have gone up and they certainly signal for an all-out advance on a broad front. We, however, are not in the counsels of any of the parties, however keen our advice be to them. We rely on our own propaganda which has no political ties, so that by the education of the voter, whether belonging to one party or another, or none, Parliament will ultimately be prevailed upon to take the necessary action. But with that work and its needs in mind, let us look at what else the

vigilantes of the "land and property owners" have to say, while they call to arms.

### One Side of the Story

"The Association sets out to protect in all ways possible the rights of land and property owners. It will be recalled that the Land Union, now incorporated in this Association, played a leading part and offered relentless opposition to the land taxes of Mr. Lloyd George from 1909 onwards, and had the satisfaction of seeing them repealed by their author as unworkable some years later. Mr. Philip Snowden, the Socialist Chancellor of the Exchequer, in 1931 again introduced proposals of this character; these were withdrawn before coming into force, the Land Union again being to the fore. The Association having fought the battle in the past is ready to fight the battle in the future. All landlords should in their own interests consider joining the Association. The stronger and more representative the Association is the better can it carry on the fight."

### The Facts as we know them

Except for the fact that the Land Union did bear the heat and burden of the day in the "battle" on behalf of the landed interests, this story is crude and inaccurate. The land taxes, the so-called land-value duties, in the Lloyd George Budget of 1909 were not the taxation of land values. They were selective and discriminatory imposts which the advocates of Land-Value Taxation were glad to see out of the way. The land valuation, as provided for in that Budget, was the real cause of strife, the landed interests realising that if it were secured the way would be prepared for the institution of the taxation and rating of land values on right lines. The Land Union was satisfied to see the repeal of that particular legislation, but if any accolade is to be bestowed, it should go to none other than Mr. D. Lloyd George, the responsible Prime Minister, for his betrayal of the cause he had espoused. As for the Snowden Finance Act, the tax proposals had no resemblance to the Lloyd George land-value duties. They embodied a straightforward land-value tax and a land valuation, not perfect, but conceived on much simpler lines than that provided for in 1909. The Act was passed and with public acclaim; but in the political crisis of 1931, the Labour government, holding power with the support of the Liberals, was overturned. A coalition government was formed which was predominantly Conservative and with the Labour leader, Mr. Ramsay MacDonald, as Prime Minister. One of the most disgraceful episodes in British parliamentary history was the way in which that government had accepted pledges given with regard both to Land-Value Taxation and to Free Trade, and proceeded to break them. So it was by treachery that the Snowden Act also was repealed. The landlord elements rejoiced over their ephemeral victories. The Land

Union it is true was to the fore in all that agitation; but remembering what an upright adversary it was in much controversy with the United Committee and this Journal, we are reluctant to believe that, its own arguments not prevailing, it found satisfaction in the means by which those victories were won.

### Local Taxation Under Review

Approximately two thousand people attended the annual conference organised by the Rating and Valuation Association which was held in the Royal Festival Hall on October 20 and 21. Among them were five executive members of the United Committee for the Taxation of Land Values. Most of the nine papers presented were of a technical nature and they revealed, as did much of the discussion thereon, the enormous complexity of the present rating system and the difficulties which are anticipated when the revaluation now proceeding comes into force in the new year. In sharp contrast to all this was a paper on *The Rating of Site Values*, specially written for the Conference and persuasively presented by Mr. R. R. Stokes, M.P. By a happy circumstance this paper, and the discussion thereon to which Messrs. A. W. Madsen and V. H. Blundell contributed, concluded the proceedings, so that many delegates left the Hall pondering how local taxation could and should be levied. A full report of the proceedings is being published by the Association and is obtainable, cloth bound and post free, at 21s. 0d. from their offices at 42 Broadway, London, S.W.1. It contains the addresses delivered, the introductory speeches by the authors, the papers, discussions, and the authors' replies, thus forming a most valuable compendium for the student interested in the present local taxation practice in Britain.

### Present System "Crazy"

The *Manchester Guardian*, October 22, confined its report of the Conference to Mr. Stokes's remarks. In part it read: "The present system of rating was attacked yesterday as being 'crazy,' by Mr. R. R. Stokes, who was Minister of Works and Lord Privy Seal in the Labour Government. He proposed instead a system based on the rating of site values which he suggested would encourage the development of land. At present, he said, rates levied on the value of houses, factories and improvements discouraged development because the more and better the work and materials that went into the premises the higher was the amount in rates that had to be paid. If the value of the site itself was the basis, the opposite effect would be achieved. . . . He argued that, if his suggestion were adopted, a ratepayer would have to pay on the site value however bad the building or development. If an owner kept his house in good repair or improved it, he would not be 'fined'—as he now was—for doing good. He gave the examples of Denmark, Australia and New Zealand as countries where rating of site values was working with great success." *The Observer*, October 23, also reported Mr. Stokes.

### Free Land and not a Single Tax

Here is something for opponents of the land-value policy to ponder. The *Manchester Guardian*, November 21, reported that "The Ulster Government offered to provide free sites for the new factories with a generous financial help towards the capital equipment and with the added inducement of freedom from local government rates for five years" in an attempt to persuade Mr. Harry Ferguson to establish in Northern Ireland the manufacture of his revolutionary new car.

That seems to answer effectively the argument sometimes adduced by opponents that the cost of land is a relatively

insignificant item in the cost of erecting (or extending) a factory or other enterprise. It also throws useful incidental light on the repressive incidence of present local taxation.

### Another Valuable Admission

The destructive effect of taxing buildings has been interestingly illustrated by the president of the Malvern Archeological Society, Mr. J. K. Clarke. "Because of rising building repair costs, the preservation of historic half-timbered houses may be completely uneconomic," he said, "and as a result many such buildings have been neglected and have become unfit for habitation. The Society recommends that such properties should be partially 'derated' on condition that their owners maintain them in good repair."

Why tax buildings at all?

### Changes in Housing Subsidies

The Government's Housing Subsidies Bill now before Parliament received its Second Reading on November 17 and 21. Exchequer commitments in respect of existing municipal dwellings and the provision of improvement grants are not affected.

The Bill provides a new scale of exchequer subsidy rates payable annually for sixty years in respect of new homes. Broadly speaking it divides qualifying dwellings into three categories—those built by local authorities either (a) for general purposes or (b) to replace slum and unsatisfactory temporary dwellings and (c) those built in new or expanded towns, or built either to relieve congestion or for industrial workers who remove to meet the urgent needs of industry.

For houses and flats in blocks not exceeding three storeys high the new rates are (a) reduced from £22 1s. to £10 (b) unaltered at £22 1s. and (c) increased to £24. For each flat in blocks of four, five or six storeys there are commensurate reductions in group (a) to respectively £20, £26 and £38 per flat, while in group (c) the subsidy is increased to £32, £38 and £50 per flat respectively. In each category an additional £1 15s. is payable for each storey in excess of six.

Powers reserved to the Minister are (1) to increase the subsidy payable in respect of "general purpose" dwellings where that is necessary to avoid either inflicting an "unreasonably heavy rate burden" or charging "unreasonably high rents" and (2) to abolish or reduce either the amount or the duration of exchequer subsidies payable.

Three other provisions may be noted. For new agricultural dwellings the subsidy is increased (from £10 to £19) where they are provided by local authorities, and reduced (from £15 maximum to £10 maximum) where they are privately provided. From next April 1 local authorities are to be relieved of their obligation under certain statutes to make contributions out of the general rate fund towards the cost of pro-

## THE RATING OF SITE VALUES BY THE RT. HON. R. R. STOKES, M.C., M.P.

32-page pamphlet published by the Labour Party  
Post 6d. free

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viding municipal dwellings. The most remarkable feature of the Bill is the provision for a separate and additional "expensive sites" subsidy. This would be payable annually by the exchequer for sixty years at the basic rate of £60 for sites, the developed cost of which is between £4,000 and £5,000 an acre, rising by £34 per acre for each £1,000 or part of £1,000 in excess of £5,000.

By deliberate policy, the subsidies buttress the monopoly price of land. It is outrageous. The solution is—tax land values and take rates and taxes off buildings.

### The Soil and the Farmer Robbed

Newman Turner, editor, contributes an article to the Autumn issue of *The Farmer* under the title "Abolish Income Tax." He writes that his incursions into the field of finance are rare and that his journal has never dabbled in politics. "But with the bath water so rapidly running out, we must at least *feel* for the plug, even though we may be in the dark."

Present taxation has a savage dual effect. It "is draining not only the willingness to work from the young men of the country, but robbing the fertility of our farms through the efforts of our farmers to meet the income tax demands from the capital resources of the soil. Fertility paid out in income tax cannot be replaced with a chemical formula . . .

"Income tax is the compulsory penalty for initiative and hard work. The more brilliant the ability and the more sustained the labour, the greater the penalty. The harder a man is prepared to work and the bigger his output, the smaller the proportion of the products of his labour he is allowed to keep or to use for himself and his family. Taxation is on the result, regardless of the initial resources or the labour involved in achieving the result. Consequently a farmer on a very poor soil needs to work many times harder and longer than a farmer on fertile soil. Sooner or later this has the effect of making the soil poorer, and eventually, with the increasing pressure of taxation, the fertile soil follows as the ability and inclination to maintain its fertility is decreased."

### For a Healthy Agriculture

Mr. Turner argues for a system of agricultural taxation based on a "once-for-all valuation of land potential" under which, once this basic land tax had been paid, the farmer would be free to retain or plough back into his holding all the profits resulting from his labour. That, he remarks, "would stimulate maximum production far more effectively than any Agricultural Act, 1947, or any other year." Only by exempting the farmer from income tax and levying agricultural taxation on the land value basis can the progressive decline in British soil fertility be arrested.

Unfortunately the author fails to take into account the factors other than soil fertility—such as roads linking the farm to markets for its products—which contribute to the value of land, and the need for periodic revaluations to take account of changes in the reflected value of those environmental factors. That aside, the article performs a valuable service which other farming journals could well emulate.

### Dead Rabbits and Lively Land Values

Abatement of the rabbit pest consequent upon the introduction in Britain of myxamotosis has brought widespread benefits to agriculture. Details were given at a press conference in London, October 13, by Mr. Heathcote Amory, Minister of Agriculture. Remarkable improvements had been secured in the quantity and quality of crop yields, farmers had been saved time, labour and materials, and "more of

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our precious land" had been brought under cultivation. The Minister said that he was not going to be drawn into "statistical speculation" as to the value to the agricultural industry in terms of money of the rabbit clearance, "but the total gain to the country must be very considerable." He had often seen quoted a figure of £50 million a year as representing the damage done by the wild rabbit to British agriculture.

Whatever may be the amount, the signal increase in the productivity and desirability of farm land will be reflected in higher land values, provided that the rabbits do not return. Thus the introduction of myxamotosis and the maintenance of rabbit-clearance measures ultimately will profit those who own farm land or who lease it at less than the true economic rent in much the same way as the elimination of malaria has brought an unearned increment of £50 million annually to owners of land in parts of South Africa, and has raised the value of similarly benefited land in the Qundas area of Afghanistan from about one shilling an acre to more than £100 an acre.

### Packing Material and Packed Pockets

The first Order to be made this year to raise import duties was approved by the Commons without a division on November 2. It increases from the 1933 level the duty of £1 5s. per ton on imported wood wool to £2 15s. and has been made at the request of the Association of British Wood Wool Manufacturers, representing eleven firms which together produce some 60 to 70 per cent of the wood wool used in this country for packing and for making building slabs. The grounds for the Association's request were that the 1933 level of specific duty gave them very much reduced protection in view of the considerable increase in the imported price of this material. Immediately after the war imports were strictly limited for balance of payments reasons, but this control has been gradually relaxed and as from November 2 the restrictions on imports from most countries excepting those in the dollar area and the Soviet bloc have been ended.

Mr. Low, Minister of State, Board of Trade, said that a number of representations against the increased duty were received from importers, manufacturers of building slabs, general packers, and the industries which use wood wool for packing. Special consideration was given to the objections raised by users for export packing, but Mr. Low told the House that even in the case of the most fragile goods, any increases in costs which might arise as a result of this Order were likely to be considerably less than 1 per cent of the total value of the goods being exported, and in many cases would be less than 0.01 per cent.