

ence men expected. The relation of freedom to property is probably the most urgent aspect to-day, but Mr. Cranston does not examine it. He mentions Locke's doctrine of the duty of governments to ensure security of "life, liberty and property," but this is only quoted as an example of "the doctrine of the minimal state." The doctrine is labelled, not analysed.

The relation of freedom to property can be understood only by considering the essential conditions of human life: that all property is produced by labour applied to natural substances and forces. This is neither "backward" nor "progressive" nor "romantic"—it is simply looking at conditions as they exist to-day universally. It is obvious

that a society which fails to ensure equal freedom to occupy space on the earth's surface and to make use of its resources, fails to apply the principle of freedom where it is most essential. Under our laws, land has through successive stages become absolute private property, while at the same time, by growth of population and the arts of production, the value of land has increased in proportion. The effects upon the distribution of all property of this private property in land values is obvious. Any social philosopher who fails to point out this essential defect in our so-called free society fails in his duty as defined by President Eisenhower.

F. D. P.

OPPONENTS OF PURCHASE TAX VOTE FOR ITS CONTINUANCE

In his Budget speech, Mr. Butler—Chancellor of the Exchequer who regards "all taxes as bad"—proposed that Purchase Tax should be reimposed for the next twelve months at three-quarters the rates levied last year. Henceforth purchasers of taxable goods would be subject to a levy of 25, 50 or 75 per cent.

During the Committee stage of the Finance Bill the Opposition tabled amendments designed to reduce the two lower categories to 16½ and 45 per cent respectively. The amendments, taken together and moved by Mr. ANTHONY GREENWOOD, were considered June 10.

Members from both sides of the Committee condemned the tax, graphically describing its evil effects and manifold absurdities and injustices. Nobody had a good word to say for it. After four hours debate the Committee divided, Members trooping loyally into the lobbies to vote on party lines in favour of imposing the tax they all decried at either 25 and 50 per cent or at 16½ and 45 per cent.

The amendments were defeated, 267 to 249, and Members resumed their seats and their protestations against taxing purchases during the ensuing consideration of an amendment to reduce the 75 per cent tax to 66½ per cent, moved by Sir EDWARD BOYLE, Conservative Member for Birmingham, Handsworth.

We quote the following from the speeches made during the debate on the first two amendments drawing attention particularly to the significant contribution made by the Liberal Member for Orkney and Shetland, Mr. GRIMOND. So long as it is accepted that Government has a duty merely to ameliorate poverty—leaving undisturbed the entrenched privilege which causes this unnatural and fear-some condition—by providing people with services which they could and should provide for themselves, legislators will continue to levy purchase and other taxes more or less equally vexatious and harmful.

Moving the Opposition amendment, Mr. ANTHONY GREENWOOD (Lab., Rossendale) said: "We are making some slight progress in dollar markets, but there a factor of uncertainty has been introduced by the United States tariff policy and also by the fact that Purchase Tax militates against the production of better-class cloth. The position at home is a precarious one and in the overseas markets we have to depend increasingly upon the better quality cloths and garments which we produce, and it is there that Purchase Tax is having a thoroughly unhealthy effect.

"It is too often assumed that the main argument against Purchase Tax is that it discourages the public from buying. Much more serious is the effect upon the retailers, upon whom the even flow of trade largely depends. Retailers are unwilling to lay in stocks of goods upon which they will have to pay heavy taxes, because they know that if there is a substantial reduction in taxation they are left with a serious loss upon their hands. They

tend to place their orders upon a hand-to-mouth basis. In their turn manufacturers are reluctant to develop new lines of cloth or new designs of garments. Unfortunately, this uncertainty continues throughout the year because, of course, the Chancellor at any time of the year can vary Purchase Tax by an order laid before the House."

"No one dislikes the Purchase Tax more than I do. I think it is easily the worst of all taxes, and its influence upon trade, design and quality is damaging to every industry it effects.—MR. WILLIAM SHEPHERD (Cons., Cheadle).

"There are only two justifications for indirect taxation. One is that it has a sumptuary purpose and is meant to check consumption; the other is that it is convenient politically for the Chancellor to raise revenue without the people noticing at the time that he is raising revenue.

"A man who smokes five ounces of tobacco a week pays 20s., and of that probably 16s. is tax. He is not very keenly aware of that when making his purchases, but if an extra 16s. were deducted from his pay packet at the end of the week for additional Income Tax he would be very much aware of it and would be deeply resentful.

"Neither of these two reasons for indirect taxation can possibly apply to taxation upon school requisites. We do not want to discourage the consumption of school requisites. Nevertheless, something like 60 articles that are required in school are subject to Purchase Tax at the new rate of 25 per cent. They include copy books, exercise books, writing books of all kinds, needle-work material, pictures and diagrams, and even the harmless but necessary chalk. It is estimated that last year something like £1 million was paid by local authorities in Purchase Tax on school requisites, of which from 60 to 70 per cent is returned in the form of grant from the Treasury to the local authorities. The Treasury takes with the one hand and gives back with the other hand, and this does not seem to be a very clever method of raising revenue."—MR. RALPH MORLEY (Lab., Ichen).

"There must be taxes to pay for the social services we want, but this is a bad tax. It was introduced as a temporary tax; it is hitting quality goods industries which are vital to this country."—MR. JOSEPH GRIMOND (Liberal, Orkney and Shetland).

"We on this side of the Committee want to get rid of Purchase Tax—that is our ambition—or at all events bring it down to a very low level. We dislike it intensely. At every turn we find trade and industry and the general well-being of the community hampered by excessive taxation."—MR. RALPH ASSHETON (Cons., Blackburn).

"It may be difficult to calculate the course of supply and demand—though upon such calculations the success of a business may very often depend—but that is child's play compared with trying to fathom the inscrutability of the Chancellor's mind regarding Purchase Tax. Even when he grants a concession so many people possess stock on which they have paid tax that they are driven to a state of near bankruptcy by reason of it.

"I am sure everyone would agree that ladies find their handbags indispensable, yet they have to pay 50 per cent Purchase Tax on them. Unless we have a paper bag conception of how people

should carry things we should press for the removal or reduction of the (50 per cent) tax upon attaché cases.

"If the Treasury itself had to keep the records now kept by the wholesalers and the retail trade there would be a hue and cry for economy in the administration of the service, but so long as we can make the trader do the work that absolves the Treasury of the responsibility and the tax yields a handsome sum."—MR. W. COLDRICK (Lab., Bristol N.E.).

"I reiterate my unqualified hostility to Purchase Tax as a tax."—MR. F. A. BURDEN (Cons., Gillingham).

"In the textile trade, the home market has to support the export side of the business. Patterns have to be tried out on the home market to see whether the British public like them or not. If they do we know we have good export quality fabric. One cannot do that when one has this pernicious tax.

"Hon. Gentlemen opposite should be asked to read the speech made during the war by the Leader of the Opposition (Mr. C. R. Attlee) when the Purchase Tax was introduced. He said quite clearly that he hoped it would not last a day longer than the duration of the war, but he used it for six years afterwards. That is the old story. Once a tax is introduced it is most difficult to get rid of it.

"When there is a tax of 6s. a yard and it takes six or seven yards to make a lady's dress, it puts £2 on quite a cheap dress before the wholesaler and retailer add their costs. It is obvious that the public cannot afford these prices.—AIR COMMODORE A. V. HARVEY (Cons., Macclesfield).

"Purchase Tax is the most stupid and vicious tax ever levied in this country. It puts us back into the position that 'The gentlemen in Whitehall know best what is good for us.'

"The result of Purchase Tax on industry in this country is disastrous at each Christmas time and in the months up to the Budget, because everybody is speculating on whether there will be any alteration, and the tendency is for business to dry up. I hope it will be possible this year, or perhaps next year, to eliminate Purchase Tax altogether and to substitute, if some substitute is necessary, perhaps a general sales tax of a very modest extent, such as is exercised in some other countries without any real difficulty. We really must get away from this penal impost of 25, 50 and 75 per cent tax on all these various commodities."—SQUADRON LEADER A. E. COOPER (Cons., Ilford S.).

"There is no doubt at all that this is a highly unpopular tax, because in all essentials it is a bad tax. What makes it so bad is that in its origin it was never intended to be a tax for revenue at all.

"Lancashire has never had anything to fear from the competition of anybody in the high-class goods which it makes. It has had nothing to fear from America, or Germany, or Japan, or anybody else. But now, whereas before Purchase Tax and the D scheme, more than 50 per cent of Lancashire's production was in luxury or high-class goods, it is now reduced to 15 per cent.

"We have been pushed back from that kind of production in which we are supreme in the world, and in which we find it easiest to meet and overcome the competition of other producers into that part of production, in which we find successful competition the most difficult."—MR. S. S. SILVERMAN (Lab., Nelson and Colne).

"Detailed articles can be selected on which tax is to be placed, categorising them as luxuries, semi-luxuries, amenities and half-amenities. A whole wide range of articles in the shop can be taxed, and by this process we reach an equation in social justice which makes for perfect economic planning. That is an attractive theory, but it is not so good in practice.

"There are, on the other hand, strong practical objections to the Purchase Tax. There are the well-known difficulties of administration; the anomalies that arise between one kind of article and another; the constant difficulties in preventing evasion; the difficulties experienced by traders; the problem of taxed stocks; the difficulties created for traders because they are unpaid tax collectors in this matter of Purchase Tax; the difficulties of manufacturers who find the flow of orders in many trades varies very much at the beginning of the year before the Budget; and the effects of Purchase Tax on the cost of living, all of which

amount to the fact that this intrinsically is an unsatisfactory tax, and it is for that reason a very unpopular tax."—MR. R. MAUDLING (Economic Secretary to the Treasury).

Soap is still taxed. Does the Economic Secretary really regard soap as not being a household necessity? Cutlery is taxed—spoons, forks and knives, all those essential household articles. Razor blades are subject to tax. Would the Economic Secretary not agree that they are a household necessity in a modern community? Is linoleum, or hardware and other things of that kind? Christmas stockings are subject to tax at present. Christmas trees of not more than four inches in height are subject to tax, though apparently if they are more than four inches in height they are exempt."—MR. D. JAY (Lab., Battersea).

HOUSING CONFERENCE IN GENEVA

The International Council for Building Research, Studies and Documentation held its First General Assembly in the Palais des Nations, Geneva, from 25 to 30 June, 1953. The Assembly was convened formally at the request of the Preparatory Committee by the Executive Secretary of the United Nations Economic Commission for Europe. Ninety-two delegates, experts and observers were present, representing governments and national organisations of 17 countries, 6 international inter-governmental organisations and 14 international non-governmental organisations. Among the last-named was the International Union for Land Value Taxation and Free Trade, represented by Mr. Pavlos Giannelias (a vice-president of the Union) who was thus able to attend in an official capacity. Mr. Giannelias made a valuable contribution to the deliberations in a special paper dealing with the land question and taxation in relation to housing, a paper standing out markedly from all others, which succeeded in dealing with housing as if such questions as the cost of land and the burden of taxation were not of any relevance. Mr. Giannelias made the most of the "Danish example" by what has been done in that country to promote housing by easing the taxation falling on the structure and correspondingly obtaining public revenue by taxation levied on the value of the land alone; and by contrast he showed how in other countries taxation placed serious and formidable burdens on the homes of the people. Mr. Giannelias's part at the Conference did not end with the presentation of his paper; in private conversations with many of the delegates, he was able to press the arguments he had put forward.

SELECTED LITERATURE

- The Way Out of the Dollar Gap.** By Sven Rydenfelt. 6d.
- The Operation of Land Value Taxation in Various Countries.** By A. W. Madsen. 6d.
- Land Value Taxation in Great Britain.** Parliamentary Survey covering the years 1906 to 1951. By A. W. Madsen. 6d.
- Land Valuation in Denmark.** By K. J. Kristensen. 6d.
- Monetary Reform or Revolution.** By J. E. Holloway. 6d.
- International Trade—(Without Statistics!).** By Ashley Mitchell. 6d.
- The Great American Tax Shift.** By N. D. Alper. 6d.
- Protection or Free Trade.** By Henry George. "The most popular and most scientific exposition of the subject that has ever been written"—Lord Snowden. Abridged edition, 1s. 6d. in stiff covers; 2s. 6d. cloth bound. Complete library edition 8s.
- Karl Marx's Theories of Surplus Value and Land Rent.** By F. C. R. Douglas, M.A. 6d.
- My Neighbour's Landmark.** By Frederick Verinder. His classic "Short Studies in Bible Land Laws." Memorial Edition. 3s. 6d.
- Land Value Rating.** Theory and practice; a handbook for all interested in municipal finance and the rating question. By F. C. R. Douglas, M.A. 2s. 6d.

LAND & LIBERTY, 4 GREAT SMITH ST., LONDON, S.W.1.