PARLIAMENTARY DEBATES—FINANCE BILL

Motion made, and Question proposed, "That the Bill be now read a second time.

Mr. DAVID GRENFELL (Labour), moving rejection of the Bill on the ground (among other reasons) that it "makes a further concession to privileged interests by the repeal of the Land Value Tax with the consequent abandonment of a fruitful

"One wonders why this is to be done. What of the Prime Minister? He happens to be the same person who was Prime Minister in the Government which passed the land taxation legislation, and he has been very definitely a champion of the taxation of land values. He has made stirring speeches on the subject." (Here Mr Grenfell quoted some of Mr MacDonald's earlier statements, which are recorded elsewhere in these columns and the statements also of Mr Baldwin that if the Conservatives came back to power, the land value tax would never see day-light.) "I want," he said, "the House to realize what it is asked to do in this proposal. The Government are making it impossible for land tax to be collected by the community. Let me give one or two facts to show how the increment of land values at the present time is affecting the corporate life of many cities and towns in the country. I start with Swansea, I live. A scheme of public improvement is to cost the cost of a scheme is £166,697, and compensation £16,887; Hampton Court, £445,000, compensation £80,000; the Bath Road scheme, £171,500, compensation £80,000; the Bath Road scheme, £171,500, compensation for land, £42,000; the Lambeth Bridge scheme, £839,000, compensation £102,500; Manchester and Stockport Road scheme, £667,000, and compensation £117,000. On schemes which are to cost £2,424,197 landlords are to receive in compensation £493,390 in immediate payments, and also take the value of the improvements to their

land.
"That is a process of fining the community; it is permitting that is a process of fining the community; it is permitting public property, landlords to fine the community for improving public property, and for putting unemployed men to work. We are simply allowing people who represent what the present Prime Minister calls a parasite class to wait until the community wants the land and then to receive large sums by way of compensation. The land system of this country is utterly indefensible. The burdens imposed on local authorities should not be allowed to exist for a day longer, and we protest most strongly against the repeal of the land taxes."

Sir A. SINCLAIR (Liberal): "The most remarkable feature of the Bill is Clause 25, for the repeal of the land taxes. Nothing was said till it appeared in the Finance Bill. They did this deed in the dark, and they did it in the dark because they were ashamed of it. This action exposes the sham and humbug of the National Government.

"We shall have other opportunities of discussing the merits of land valuation and taxation and I do not wish to go deeply into them to-day in a speech which necessarily has had to cover a great deal of other ground. Nor do I think that any supporter of the principle of valuation and taxation is wedded to the particular form which it assumed in the 1931 Act. But repeal -this futile effort to sink them without trace, at the bidding of the landed interest in the Tory Party-is an outrageous use for party purposes, of a majority obtained on national issues. The principle of taking taxes off improvements and putting them on site values is one of the chief principles and aims of the Liberal Party. But support for that principle comes not only from Liberals and Socialists but from large numbers of men and women in all parts of the country who on other counts would call themselves Conservatives. The principle of land values taxation has always been in this House a party issue, but outside the House it has received increasing support from men and women of all parties-in short, national support. In the last ten years scores of municipalities have passed resolutions in favour of the principle, including Glasgow when it had a non-Socialist majority, Newcastle, Sheffield, Leeds, Bradford, Manchester, Cardiff, Swansea and many other great cities as well as several county councils. During the past twelve years the Middlesex County Council has spent £5,000,000 on buying land and making arterial roads and has increased the value of adjoining land by no less than £15,000,000. The taxation of land values would put this vast increase of value created by public activity under levy for public purposes. The land monopoly holds London in a ring, through which dribble little streams of houses, dangerously sited on main roads. The taxation of land values would liberate enterprise from the crushing burden of rent, rates and taxes which it now carries, and make possible sweeping measures of town and country planning and national development. Here is a powerful weapon of national recovery and the Government instead of using it are breaking it. In repealing these taxes the so-called National Government is flouting public opinion on a great national issue. "What justification is there for this action which did not

exist last year and the year before? Last year the Lord President of the Council said in reply to the agitation and to the pressure brought to bear upon him to repeal these taxes, that 'this, however, was a National Government.' He said it called for mutual consideration and he laid stress on the great public advantages of retaining a National Government. That was last year. In the year before—on 26th May, 1932— Mr. Baldwin said :-

"' Had I been a private Member I should very likely have put my name to the Amendment to which hon. Members from Devonshire have put their names, but I occupy a more responsible position and I have to remember that this is a National Government. . . . We can accept neither a repeal of the Act nor the insertion of the Amendments.'

The Secretary of State for War said:—
"'Would it be wise for the Government to ask them to accept the humiliation, for it would be nothing else, of having this year solemnly to repeal what last year they had solemnly enacted?

Why is the Prime Minister now submitting and forcing his followers to that humiliation? Does the Prime Minister remember the message he sent to the Scottish Liberal Federation in December, 1931? Lord Stonehaven had declared that the National Government had a mandate to carry out Tory policy, and the Prime Minister replied :-

"' I am the head of a Government which was elected on a national issue embodied in a national appeal, and so long as I remain in the Government that will be its policy.

Those Members of Parliament who won seats on the basis of that national appeal, those supporters of land taxation who relied on the national appeal at the last election, have the right to look to the Prime Minister to make good the assurance which he gave, through the Scottish Liberal Federation, to the country as a whole that he would see that the policy of the Government remained within the ambit of the national appeal.

Mr. MALLALIEU (Liberal): "I think it was perhaps the most remarkable thing of all in the speech to which we have just listened that the right hon. Gentleman (the Chancellor of the Exchequer) again forgot to say anything at all about the land taxes.

"The Chancellor of the Exchequer of that time, Lord Snowden, with extraordinary courage and perseverance, managed to get that provision on the Statute Book. Now those 30 pages on the Statute Book are to be thrown on one side by a four-line Clause in this Finance Bill, which the Financial Secretary or the Chancellor of the Exchequer never so much as mentioned by a single word. That seems to be a complete surrender to the Tory land supporters of the Government at the expense of anything in it which might still be described as National.

"It is not surprising, if this be a Tory Government, that they should wish to repeal the Land Tax, because almost daily they are legislating for special favours for their privileged friends, provided that these privileged friends are wealthy enough to make expensive clamour, or unscrupulous enough to hold up the Government to ransom. It is not very surprising that the Government in these circumstances should have surrendered to the land monopolists any more than it was surprising in 1923 that the Conservative Party should prevent the continuation of the valuation started in 1909 by the right hon. Gentleman the Member for Carnarvon Boroughs (Mr Lloyd George). It is all of a piece, and true to type that this Conservative Government is now sweeping away one of the fairest methods of taxation that has yet been conceived.

"It would be wise for us to consider for one moment the extraordinary proportion of the expenditure which is made upon national development of all sorts which in fact goes to the landed interests. There is, for instance, an estimate which I have never seen questioned, about Charing Cross Bridge. total cost of the scheme was to be £16,865,000, and of that £16,865,000 no less than £11,000,000 was to go in buying out the land and all the rights necessary to erect that bridge. In the case of Lambeth Bridge the cost of the total work was £839,000, of which over £102,500 had to be expended for the purpose of buying out the landowners and the various rights needed for the bridge. Not only does one compensate the landowners for certain rights one takes over from them, but to all the surrounding land when the work is done. In the particular case of Lambeth Bridge it was not surprising to see very shortly afterwards that the small amount of eight acres on the Grosvenor Estate was sold by the Duke of Westminster for no less than £1,000,000. Just after that sale The Times, on 19th March, 1930, made this very true statement:—

"'. . . it is the building of Lambeth Bridge which has stimulated this development and has so enormously increased neighbouring values.

"A tax on the value of land would have taken some of that increased value of the land back to the community which had expended the money on the works. You cannot justify the removal of the valuation because any system of land value taxation, whatever you may think about the particular tax of 1931, must be based on a valuation such as the one now repealed. It is the repeal of the provisions as to valuation which was absolutely uncalled for and indeed iniquitous."

Colonel WEDGWOOD (Labour): "The most striking case is the question of the taxation and rating of land values. If you take the landlords' part of a value which the community not the landlords have created, you are being guided solely by justice not by expediency; you are recovering for the community part of a value which the community itself has created. The principle behind that is a principle of justice. If the Chancellor of the Exchequer takes something from me in Income Tax and Super-tax he is not actuated by a principle of justice; he says: 'The money is there and I can get it,' and he goes for it. Income Tax and Super-tax may be justified on the grounds of expediency because you have to get the money from somewhere, but on grounds of justice they cannot be justified, whereas a tax on a value created by the community can be justified and ought to have the first call on the attention of the Chancellor of the Exchequer. You have only to go on a motor tour through the country to see how the value of private land is being piled up by Government expenditure. Millions of pounds have been put into the pockets of landlords, and to take that back is an act of justice, not an act of expediency. It would be worth while to pay more attention to justice and less to the question as to how we can best get the money irrespective of what the effect will be.

"You are destroying a valuation which might have been a basis not merely for taxation but for local rating. Our present system of rating penalizes improvements, checks development, interferes with industry and produces slums and overcrowding. If you de-rate improvements and levy the same rates on land values it not merely makes building cheaper but makes it more difficult to hold land out of the market; it increases the amount of land available for buildings and factories and reduces the charge levied by landlords on industry. The main reason why the valuation of 1931 and the valuation provided for in the Budget of 1909 had been revoked, repealed and expunged is that any method for the taxation of land values must inevitably reduce the value of land—""

Mr MACQUISTEN: "Destroy it!"

Colonel WEDGWOOD: "Yes, destroy it in certain cases. Speculative values certainly would be destroyed. There is a very adequate reason why land taxes have been revoked by the National party—it is criminal to destroy the value of land.

"Every barrier you put between a man and his raw material throws out of work an increasing number of people in all other trades. Everything you can do to break down barriers and make it easier for an unemployed man to get his raw material improves his chance of work, and, therefore, increases work throughout the country. What is the barrier which I want to remove in the interests of trade and employment? It is the price which has still to be paid, whether in rent or capital sum, before an unemployed man can get at his job. That is why I want land cheap, so that land which is not being used now shall be free for anybody to use. The higher the value of land whether for buildings or agriculture, the more unemployment you create, the more difficult you make it for your primary trades to get at their raw material.

"The land question is a question not of getting some money out of land, but of freeing the working-class from the tyranny of the competition of the unemployed."

Mr. CHARLES BROWN (Labour): "In June, 1931, speaking of the Land Value Tax, Mr Baldwin said in effect: 'If you give us your confidence, when we are returned to power we will see to it that this tax, which we do not like and think is unjust and inequitable, is repealed.' He was quite entitled to do that as leader of the Conservative Party. But the circumstances changed. We had no election in which the right hon. Gentleman could appeal to the electorate to return his party to power in order to repeal the land taxes. What we had was a financial crisis, so-called. A National Government was formed, and he became a member of it, and as a member of that Government he said in the House of Commons on 26th May, 1932: 'Had this been a Tory Government we should have repealed the Statute.'

"I ask Mr Baldwin what has occurred to cause him to change his opinion between May, 1932, and May, 1934? What has happened inside the National Government? In view of the general nature of this Finance Bill, and particularly of what we regard as an iniquitous proposal to repeal the land taxes, all of us on these benches will go without any hesitation whatever into the Lobby to support the Amendment."

Mr NEIL MACLEAN (Labour): "The Government were elected for a specific purpose; they appealed to the electorate to elect them in order to save the country from what they claimed to be a national crisis, telling the country that no party advantage was going to be taken, but that all three parties were going to work for the common weal of the country, and that when once the country was again in safety then the three parties could dissolve and assume their separate existences once more. Here is a particular tax which has been for many years one of the most burning questions in party politics in this country.

"In my membership of the House of Commons I have seen two Coalition Governments, and each of them has brought Budgets before the House in which a land tax has been deleted from the Statute Book. History is repeating itself to-night in another Coalition Government, and the Prime Minister who was mainly responsible for the passage of the Land Tax in the Labour Government, as one of the planks upon which he pledged himself and upon which he placed great reliance, is assisting, as Prime Minister of this Coalition, in stripping it from the Statute Book. The right hon. Gentleman the Member for Carnarvon Boroughs (Mr Lloyd George) was the other Prime Minister. Curiously enough, to complete the coincidence, the Chancellor of the Exchequer who is responsible for the present Finance Bill is the brother of the Chancellor of the Exchequer who was responsible for the Finance Bill which destroyed the first Land Tax.

The FINANCIAL SECRETARY TO THE TREASURY (Mr Hore-Belisha), the only member of the Government who referred to the repeal of the tax, contented himself with a few derisory remarks: "The machinery for the collection of the tax on land values was put into abeyance by the decision of the National Government when the right hon. Gentleman the Member for Caithness and Sutherland (Sir A. Sinclair) was still a member of it.

"In the ordinary course of events, the Land Values Tax would have come into operation this year. As three years must elapse between the necessary preparation and the exaction of the tax, it becomes plain that the tax could not become operative in the lifetime of the present Parliament. Accordingly, the Government have decided, having examined the whole matter, that some future Parliament should not be deprived of its right to examine the whole matter afresh, in the light of the new conditions which will then prevail, and in detail. That, I think, is a practical proposal, and I do not think it can cause any undue regret."

The voting for the Second Reading was 290 for and 55 against.

 Causes of Business Depression. By Henry George. 1d.
 My Neighbour's Landmark. Short Studies in Bible Land Laws. By Fredk. Verinder, 1s.

By the same Author: Methods of Land Nationalisation, 2d. The Crying Injustice of our Rating System and the Remedy, 1d.

The Theory of Human Progression. (Abridged by Julia N. Kellogg.) By Patrick Edward Dove. Paper, 1s.

Pioneers of Land Reform. Spence, Ogilvie and Paine. Cloth, 2s. Social Justice and the Jew. By Louis P. Jacobs. 6d.

The Digger Movement in the Days of the Commonwealth. By Lewis H. Berens. Cloth, 2s. 6d.

A Danish View of British Farming. By Jakob E. Lange. Paper, 1s.

The New Political Economy. By John B. Sharpe. 1d.

Land Value Taxation in Practice. New South Wales. By Ald. J. R. Firth, Mayor of Strathfield, Sydney. 1d.

Sheffield City Council and Land Value Rating. Official Report and Examples of Land Prices. 1d.

Parcel of Assorted Pamphlets. Fifteen titles. 1s. (post free).

A Perplexed Philosopher. By Henry George. Limp linen, 1s. 6d.

The Science of Political Economy. By Henry George. New Edition. Red cloth, 2s. 6d. Rexine, 4s.

Gems from Henry George. Selected and arranged by Rev. A. C. Auchmuty. Paper covers, 6d. Marone or blue cloth, 1s.

The Life of Henry George. By Henry George, Junr. New Edition, 4s. 6d.

The Prophet of San Francisco. By Louis F. Post. Blue Cloth Library Edition, 7s. 6d.

The Law of Human Progress. Four concluding Chapters from Progress and Poverty, cloth binding, 1s.