

THE REPEAL OF THE LAND-VALUE TAX

Lord Snowden on the Government's Action

Speaking in the House of Lords on 3rd July, 1934, on the Second Reading of the Finance Bill and the proposal, in Clause 25, to repeal the Land Valuation and the Land Value Tax which was enacted in the Finance Act of 1931,

Lord SNOWDEN described the proposal as "an act of deliberate party deception, of deliberate sharp practice, the latest of the many acts which show the true character of this Government and exposed the hypocrisy of its claim to be a National Government."

"As soon as the General Election was over," Lord Snowden said, "a campaign began among Tory members to demand the repeal (of the provisions for Land Value Taxation). . . . Within a month of the General Election Mr Neville Chamberlain made up his mind to repeal them, not suspend but repeal them. He spoke to me about the matter and I was really so disgusted with this intended breach of pledges that I declined to discuss the matter with him. I said: 'You can do just what you like, and I shall take my own course.' He said that he did not like to do this, but the pressure upon him by his Party in the House of Commons was so strong that he could not resist it. It would be necessary to submit a Vote on the Estimates for the expenses of the land valuation and he assured me that in view of the opposition of their Party it would not be possible to carry such a Vote."

"Later Mr Chamberlain modified his first proposal and decided, not upon immediate repeal, but upon suspension of the valuation. May I say that in resisting that proposal I received no help whatever from my Labour colleagues in the Government, and least of all from the Prime Minister, who appealed to me with tears in his voice: 'My dear Philip, we have been comrades for forty years. Do not desert me now. This is not an issue upon which it is worth resigning.' Well, I thought the matter over. The Government had only just been formed and I felt that I had a special responsibility to see the specific purpose for which the Government had been formed carried through. So I did not then resign."

"A few days after that the Chancellor of the Exchequer announced in the House of Commons that he was proposing to suspend the valuation. The reason he gave was that this was being done purely as a measure of economy, and that it had nothing whatever to do with the merits of the question which had never been discussed. As a matter of fact, the suspension of these taxes was not an economy measure at all. The valuation was the preliminary—the necessary preliminary—to the imposition of the tax and that of course was a revenue-producing instrument."

"The Tories in the House of Commons were not satisfied with mere suspension and on the Finance Bill of that year, 1932, they moved a clause for the actual repeal of these taxes. Mr Baldwin resisted this and he stated the reasons why the Government could not accept that Amendment."

"When the Finance Bill of last year came forward the Tories in the House of Commons were once more on the warpath and representations were made to the Prime Minister and to Mr Baldwin, demanding that in that Bill the Land Clauses should be altogether repealed. The Cabinet, we were told, had not discussed the matter and they said they would neither accept the request for repeal nor would they allow a free vote of the House upon the question."

"Two days later there was a meeting of the Conservative members of the House of Commons which was addressed by Mr Baldwin and Mr Chamberlain. This is what Mr Baldwin is reported to have said then, only twelve months ago:—

'This was a National Government and he and his Conservative colleagues felt that the ungrudging loyalty with which their Labour colleagues had supported other features of the policy of the National Government did call for mutual consideration.'

"What has happened since last year? These were the views on this question expressed two years ago and one year ago. It would be an act of disloyalty to repeal these

taxes, it would be an act of humiliation of these ex-Labour Ministers if the taxes were repealed."

"The only explanation that I can offer—or rather I can offer many, but the only explanation that I will offer now—is that the Cabinet have found the Prime Minister to be such an amenable instrument of Tory policy that they have come to the conclusion that there are no professions he ever made, no pledges he gave to the country, which he will not repudiate, no humiliation to which he will not submit, if they will only allow him still to be called the Prime Minister."

"It is not merely the honour of the ex-Labour Ministers which is involved, but the honour of the Tory members of the Government too. They have dishonoured all the conditions of the formation of the National Government; they have dishonoured every pledge that was given at the last General Election. The Government was formed—I am using the exact words—on the condition that no Party to it would be called upon to sacrifice its political principles. It was to be a National Government to deal with the national crisis on non-Party lines. Then we have the oft-quoted statement of the Prime Minister that if the Tories tried to put anything over him they would find that he was not their man."

"At the last Election millions of Labour, Liberal and Free Trade votes were given to the National candidates—mainly Tory candidates—because they believed Mr Baldwin's statement that Free Trade and Protection were not an issue at that Election; and now they are boasting that they have killed Free Trade and established tariffs for generations to come."

"Before joining the National Government I demanded and received specific pledges that this National Government was being formed for one purpose and one purpose only, that when that purpose had been achieved the Parties would resolve themselves into their former positions, that during the lifetime of that administration there would be no Party legislation, and that at the General Election which was to follow there would be no Party arrangements."

"I joined the National Government on those conditions. I have been betrayed. That matters little. But the country has been betrayed, and millions of electors who trusted to the statements of the Party leaders have lost their confidence in the faith and the honesty of political leaders."

"The Prime Minister has played a discreditable part in these discussions. When the members of the House of Commons were discussing this question and demanding that the Prime Minister should be present, he was spending his time in Downing Street listening to a concert. But he has been compelled to break his silence once. The United Committee for the Taxation of Land Values wrote to him, and he had to reply. I will read his letter to your Lordships, because it is an admirable example of the lucidity and definiteness of the Prime Minister's literary style. This is what he says:—

'DEAR SIR,

'I have received a letter which you are sending to the Press about the repeal of the Land Value Tax. I anticipated that this proposal would give an opportunity of raising the whole question of land taxation, although as a matter of fact it is not raised in the decision itself. The clauses have never been put into operation and were suspended as one of the first acts following upon the crisis which led to a change of Government.'

'It may be argued that the step which has been taken indicates the power of certain interests, but it is not in accordance with truth to describe the effect of what is being done as "staying a reform that has been repeatedly endorsed by democratic majorities and insistently demanded by hundreds of municipalities."

'A Government which was determined to "take drastic and energetic steps to put into operation the taxation of land values" would have to proceed to legislation, as the

clauses that have been in suspense for years, largely owing to amendments which the Chancellor (Mr Snowden) had unwillingly to accept from both Liberals and Conservatives, were not sufficiently full to enable a great deal to be done.'

That letter was described by a Liberal member of the other place as a piece of nauseating hypocrisy. I think that was a very apt description. I could not improve upon it.

"If the incoherent jumble of nonsense in this letter means anything at all, it means that the taxes are being repealed because they are not revolutionary enough. But where one can make some sense out of what the letter says, it is utterly and completely at variance with the facts. In the first place it states that 'the clauses have never been put into operation.' That is not true. When the suspension took effect the valuation was proceeding. That, as I have said, was a necessary preliminary step. It had made fairly considerable progress. If the valuation had been carried out according to the 1931 Act the valuation would now be complete and the taxes would have come into operation on the 1st of this month.

"As to the remark that I had unwillingly to accept Amendments from Liberals and Conservatives, I say this, and I say it deliberately: I made those concessions under strong pressure from the Prime Minister, who appealed to me on many occasions not to resist them and by so doing bring about the defeat of the Labour Government.

"The Prime Minister never was in favour of these proposals. At the time they were before the House of Commons there were four by-elections. The Prime Minister sent the usual letter to Labour Candidates, and in not one of those letters did he say a word about the land valuation scheme which was then being discussed in the House of Commons.

"My Lords, we have no valuation of the land of this country or of the site value, and that was what the valuation clauses of the Finance Bill of 1931 sought to obtain. Such valuation is necessary, and it is essential to any reform of local rating, or to the purchase of land for public purposes by public authorities. My valuation scheme sought to obtain a site value: that is, the value of a site stripped of buildings, except in the case of agricultural land, where there is no site value; but where land, at present used for agricultural purposes, had a developing site value, then that site value would be taken into account.

"There has been some pious sympathy expressed in the other place in favour of an increment tax, and the Chancellor of the Exchequer said that my valuation would have been useless for that purpose. That is not the fact. The valuation was to be a quinquennial valuation, and therefore at the end of five years, on the second valuation, the then value of the site would be taken into account and taxed upon any increment.

"Another extraordinary statement made by the Chancellor of the Exchequer was that so long as these taxes remained upon the Statute Book they were hindering the development of the land."

The Earl of MIDDLETON: "Hear, hear."

Viscount SNOWDEN: "I do not know whether the noble Earl is a reader of the *Financial Times*, but I answer that 'Hear, hear,' by some quotations from the *Financial Times* of ten days ago. It had a two-page article on land development, and it was headed 'Notable Expansion of Land Development.' The article dealt with land development in 1933 and during the first six months of this year—before it was known that the Land Taxes were to be repealed. Now this article says that at the present time property investment 'stands out as a steady and safe security.' It goes on to mention the large number of land companies which are now being formed for the exploitation of land which is becoming ripe for building purposes. It says:—

'A necessary corollary of the increasing work of the building societies is the supply of land on which to build houses, and in this respect the present year is already witnessing sales of many large areas around London and the principal towns. . . . Modern transport has been the means of opening up many new districts, and the invasion of the builder into the once peaceful rural atmosphere is apparent everywhere. Some of the areas which have changed hands, were once country estates'—

so I suggest to the noble Earl that he should live in hopes—

'while in others farm labourers at their daily toil were the only people to be seen. In the right spot prices up to £2,500 an acre have been paid.'

Then it goes on to give a long list of sales of agricultural land now becoming ripe for building purposes, where anything from £1,000 to £2,000 an acre is being paid for land which a few years before had a purely agricultural value.

"I never claimed that the Land Clauses of the Act of 1931 were a drastic method of dealing with the land evil, but at any rate they were a beginning, and they were a beginning on right lines. By taxing site value, undeveloped and partly developed land would be forced into the market—land which has been held back for enhanced prices. It would lessen the cost of land for housing purposes, for business purposes and for public improvements. And the landowner now, in the cases I have quoted from the *Financial Times*, is paying no rates upon the land. The maintenance of the amenities of the land is provided by the other taxpayers or ratepayers. He holds the land until the necessities of the public require it, and then he goes in, after sleeping, to grow fat on the spoils of exploitation.

"The purpose of the Land Valuation Clauses of the Act was the beginning of a system by which rates as well as taxes would be levied upon socially created values. This land system—all this exploitation of public necessities—is responsible for the evil of the slums, and very largely for the unemployed problem. There was reported in the *Manchester Guardian* about a fortnight ago an inquiry which was held by the Ministry of Health into a slum-clearing scheme promoted by the Manchester Corporation, and it was given in evidence that the land on this site would cost £40,000 an acre, and that after the property had been cleared from it the cost would run to £70,000 an acre. And you talk about the slum problem! You complain of the tardiness with which this problem is being attacked. Here you have the greatest obstacle to the development of the housing of the people, and until this land problem is solved, anything else that may be done is mere tinkering with social evils."

OSCAR GEIGER

The sudden passing of Oscar Geiger, stricken by heart attack on 29th June, took away one of the most ardent protagonists of the Henry George movement in New York City. In the last three years of his life his activity and interest were bound up in the Henry George School of Social Science at 211 West 79th Street, which he founded and directed, nobly assisted by Mrs Geiger. On 2nd July a gathering of 200 friends met at the School in memorial service to pay tribute to his life-long service to the cause of economic liberation, addresses being delivered by Mr Lawson Purdy and the Hon. Charles O'Connor Hennessy. A striking biographical sketch appeared in the *New York Times* of 30th June, naming him as a notable Single Tax leader. Oscar Geiger had met Henry George in his youth and became absorbed in the study of economics, sociology and philosophy. He was a leading speaker for George in the publicist's campaign for Mayor in 1897, and George called him "the economist of the single tax movement."

Mr Stephen Bell, of New York, who was one of his closest intimates, in a letter to us speaking of the way he inspired others, writes: "Oscar Geiger in my estimation filled a place among us very like that occupied by John Paul in Great Britain."

Oscar Geiger will be missed by a very large circle of friends, and by none so much as the Trustees of the School of Social Science, Mrs Anna George de Mille and Messrs F. C. Leubuscher, J. Dana Miller, L. T. Recker and Wm. Ryan, his colleagues and co-workers. His son, George Geiger, associate professor of philosophy at the University of North Dakota, is known throughout our movement as author of the outstanding work, *The Philosophy of Henry George*. To Mrs Geiger and George Geiger we convey our sincere condolences in their bereavement.

A Free Copy of "Land & Liberty" is an invitation to become a Subscriber. 1d. Monthly; by Post 2s. a Year.