

## MR CHURCHILL ON LAND VALUE TAXATION

*No one can boldly utter a great truth and then when the times have become ripe for it, and his utterance voices what is burning in hearts and consciences, whisper it away.*—HENRY GEORGE, in *A Perplexed Philosopher*, Part II., Chapter 3.

In the Second Reading Debate on the Finance Bill, Mr Snowden made effective use of Mr Churchill's former declarations on the Taxation of Land Values. Undaunted by these quotations, Mr Churchill replied that he was familiar with his statements; he had taken the trouble to re-read them quite recently. "Leaving out," he said, "what you may call the partisan gloss, I am not at all convinced that, among my arguments in favour of the rating of undeveloped land upon its true value, I employed any which were lacking in lucidity or reason."

Having deserted the cause he once upheld, Mr Churchill is cynical enough to take credit for the service he rendered it. No one will quarrel with the tribute he pays to the speeches he delivered. The only correction that need be made is that they stated again and again the whole case for Land Value Taxation and Free Trade and were not confined merely to a question of rating undeveloped land. Those arguments "not lacking in lucidity or reason" are as unanswerable now as they were when uttered. They cannot be whispered away.

### THE MISCALLED "LAND VALUE" DUTIES OF 1909

In reply to Mr Snowden's challenge, Mr Churchill offered the pretext that the failure of the land value duties of the 1909 Budget proved the case against Land Value Taxation—a falsehood that is the stock-in-trade of Conservative speakers and the Conservative press. Land Value Taxation means a national tax and local rates levied annually on the value of all land, whether used or not and taking the place as the source of public revenue of taxes and rates now levied on trade, industry, buildings and improvements. Again the attempt is made to confuse and mislead by associating those miscalled "land value" duties with that clear and straightforward policy. The advocates of Land Value Taxation always said that the 1909 duties were unsound, ill-conceived and mischievous and they opposed them from the first. The duties were framed to tax an occasional increment in land value when an owner died or sold or leased his property; to tax some land arbitrarily defined as undeveloped, although in the nature of the case it is impossible to define undeveloped land; and to tax reversions at the end of a building lease. The discriminations were indefensible, taking in only a very small fraction of land value and very small classes of land. It was no case of transferring taxation from buildings and improvements to the value of land and there was no relief to industry. As we have stated repeatedly in these columns the 1909 Budget imposts had nothing whatever in common with the Taxation of Land Values; and when they were abolished in 1920 we welcomed the repeal.

Mr Churchill took the further line of argument of asking the rhetorical question "Why did Henry George fail?" and made this remarkable statement:—

It was because he (Henry George) had been studying the world as it had been for generations and centuries, and arrived at certain conclusions on that basis, and the conclusion he arrived at was that land was practically the sole source of all wealth. But almost before the ink was dry on the book he had written it was apparent that there were hundreds of different

ways of creating and possessing and gaining wealth which had either no relation to the ownership of land or an utterly disproportionate or indirect relation. Radical democracy has turned unhesitatingly towards the graduated taxation of the profits of wealth rather than to this discrimination in the sources from which it is derived, and that is what we have done.

*Progress and Poverty* was written in 1879 and the ink had been dry on it for nearly 30 years when Mr Churchill was in the hey-day of his fame as an apostle of the doctrines Henry George taught. Mr Churchill knew then what were the obstacles to progress, the entrenched power of the vested interests and "land as the source of wealth" was an argument that never left his lips. In speech after speech, he attacked the system under which every form of enterprise, every step in material progress, almost every public and private benefit, however important or however pitiful those benefits might be, put wealth into the pockets of landlords that morally belonged to the community.

It is opportune to display again those lucid and reasonable arguments in which Mr Churchill still takes pride.

### PREVIOUS DECLARATIONS

DRURY LANE THEATRE, LONDON

20th April, 1907

Mr Churchill said:—

"We have to face all the resources of a great monopoly so ancient that it has become almost venerable. We have against us all the modern money power. We have to deal with the apathy and levity of all sections of the public. We have against us the political machinery of class and privilege represented by the Second Chamber in the State.

"There are only two ways in which people can acquire wealth. There is production and there is plunder. Production is always beneficial. Plunder is always pernicious, and its proceeds are either monopolized by a few or consumed in the mere struggle for possession. We are here to range definitely on the side of production and to eliminate plunder as an element in our social system. The present land system hampers, hobbles and restricts industry. . . . They were resolved if they could to prevent any class from steadily absorbing under the shelter of the law the wealth in the creation of which they had borne no share, wealth which belonged not to them, but to the community, wealth which they could only secure by vexatious obstruction of social and economic progress, far more injurious and wasteful than could be measured by their own inordinate gains."

KING'S THEATRE, EDINBURGH

17th July, 1909

Mr Churchill said:—

"It is quite true that the land monopoly is not the only monopoly which exists, but it is by far the greatest of monopolies—it is a perpetual monopoly, and it is the mother of all other forms of monopoly. It is quite true that unearned increments in land are not the only form of unearned or undeserved profit which individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial but which are positively detrimental to the general public.

"Land, which is a necessity of human existence, which is the original source of all wealth, which is

## What Mr Churchill has said on Land Value Taxation—*continued*

strictly limited in extent, which is fixed in geographical position—land, I say, differs from all other forms of property in these primary and fundamental conditions. Nothing is more amusing than to watch the efforts of our monopolist opponents to prove that other forms of property and increment are exactly the same and are similar in all respects to the unearned increment in land. They talk to us of the increased profits of a doctor or a lawyer from the growth of population in the towns in which they live. They talk to us of the profits of a railway through a greater degree of wealth and activity in the districts through which it runs. They tell us of the profits which are derived from a rise in stocks and shares, and even of those which are sometimes derived from the sale of pictures and works of art, and they ask us—as if it were the only complaint—‘Ought not all these other forms to be taxed too?’

“But see how misleading and false all these analogies are. The windfalls which people with artistic gifts are able from time to time to derive from the sale of a picture—from a Vandyke or a Holbein—may here and there be very considerable. But pictures do not get in anybody’s way. They do not lay a toll on anybody’s labour; they do not touch enterprise and production at any points; they do not affect any of those creative processes upon which the material well-being of millions depends, and if a rise in stocks and shares confers profits on the fortunate holders far beyond what they expected or indeed deserved, nevertheless that profit has not been reaped by withholding from the community the land which it needs, but on the contrary, apart from mere gambling, it has reaped by supplying industry with the capital without which it could not be carried on.

“If the railway makes greater profits, it is usually because it carries more goods and more passengers. If a doctor or a lawyer enjoys a better practice, it is because the doctor attends more patients and more exacting patients, and because the lawyer pleads more suits in the courts and more important suits. At every stage the doctor or the lawyer is giving service in return for his fees, and if the service is too poor or the fees are too high other doctors and other lawyers can come freely into competition.

“Fancy comparing these healthy processes with the enrichment which comes to the landlord who happens to own a plot of land on the outskirts or at the centre of one of our great cities, who watches the busy population around him making the city larger, richer, more convenient, more famous every day, and all the while sits still and does nothing. Roads are made, streets are made, railway services are improved, electric light turns night into day, electric trams glide swiftly to and fro, water is brought from reservoirs a hundred miles off in the mountains—and all the while the landlord sits still.

“To not one of those improvements does the land monopolist as a land monopolist contribute, and yet by every one of them the value of his land is sensibly enhanced. He renders no service to the community, he contributes nothing to the general welfare; he contributes nothing even to the process from which his own enrichment is derived.

“It is monopoly which is the keynote, and where monopoly prevails the greater the injury to society the greater the reward of the monopolist will be. See how all this evil process strikes at every form of industrial activity. The municipality, wishing for broader streets, better houses, more healthy, decent, scientifically planned towns, is made to pay, and is made to pay

in exact proportion or to a very great extent in proportion as it has exerted itself in the past to make improvements. The more it has improved the town, the more it has increased the land value, and the more it will have to pay for any land it may wish to acquire. The manufacturer proposing to start a new industry, proposing to erect a great factory offering employment to thousands of hands, is made to pay such a price for his land that the purchase price hangs round the neck of his whole business, hampering his competitive power in every market, clogging him far more than any foreign tariff in his export competition, and the land values strike down through the profits of the manufacturer on to the wages of the workman.

“It is not the individual I attack, it is the system. It is not the man who is bad, it is the law which is bad. It is not the man who is blameworthy for doing what the law allows and what other men do; it is the State which would be blameworthy were it not to endeavour to reform the law and correct the practice. We do not want to punish the landlord. We want to alter the law.

“We are prepared to make every sacrifice—I speak for my honourable friends who are sitting on this platform—of personal convenience in order to secure a thorough, patient, searching examination of proposals the importance of which we do not seek to conceal. That will be a long and painful process to those who are forced from day to day to take part in it, but we shall not shrink from it.”

### FREE TRADE HALL, MANCHESTER

6th December, 1909

Mr Churchill said:—

“Let the Manchester Ship Canal tell its tale about the land. When it was resolved to build the canal the first thing to do was to buy land. Before the resolution to build the canal was taken the land on which the canal flows was in the main agricultural land, paying rates on an assessment of from 30s. to £2 an acre. I am told that 4,495 acres of land purchased out of something like 5,000, I think, immediately after the decision to buy—4,995 acres were sold for £770,000 sterling, or an average of £172 an acre; that is to say, seven times the value of the agricultural land and the value on which it had been rated for public purposes. What had the landowner done for the community; what enterprise had he shown? What service had he rendered? What capital had he risked in order that he should gain this enormous multiplication of the value of his property? I will tell you in one word what he had done—nothing. But it was not only the land that was needed for making the canal the owners of which were automatically enriched, but all the surrounding land—large areas in particular places, land having frontages to the canal or access to the canal—rose and rose rapidly and splendidly in value, by the stroke of a fairy wand, without toil, without risk, without even a half-hour’s thought. The landowners of Salford, Eccles, Stretford, Irlam, Warrington, Runcorn, etc., found themselves in possession of property which had doubled, trebled, quintupled in value. Apart from these high prices which were paid, there was a heavy bill for compensation for severance, disturbance, and injurious affection where no land was taken—injurious affection where no land was taxed—namely, raising the value of the land where it was not taken at many times its value. All these, added to the dead-weight of construction, to all those burdens on those whose skill, enterprise, and foresight enabled them to do this work. Much of this land to-day is rated at

## What Mr Churchill has said on Land Value Taxation—*continued*

ordinary agricultural value, and in order to make certain that no injustice is done, that those landowners are not injured by our system of government, half the rates, under the Agricultural Rates Act, are paid back to them, and the balance is paid by you.

"There was a time not long ago when less violent language was used about the taxation of land values. A Tory House of Commons twice passed a bill, affirming that principle in a more drastic measure than our legislation now proposes. All the great municipal corporations throughout the land, the most Conservative as well as the most Liberal, have petitioned Parliament in favour of the taxation of land values. Royal Commissioners presided over by the most able and most prominent persons in the country have explored the whole subject and pronounced in favour of the taxation of land values.

"Do not underrate the importance of this land question. Every nation has its own way of doing things; every nation has its own successes and its own failures in particular lines. All over Europe you have a system of land tenure far superior, socially, economically, politically, to ours. But the benefits of these superior land systems are largely, if not entirely, taken away by grinding tariffs on food and the necessaries of life. Here in England we have long enjoyed the blessings of free trade and of untaxed bread and meat; but, on the other hand, we had to set against these inestimable boons a vicious and unreformed system of land tenure. In no great country in the civilized world, in no great country in the New or in the Old World, have the working classes yet secured the advantages of both free trade and of free land, by which I mean a commercial system and a land system from which, so far as possible, the element of monopoly is rigorously excluded. 'You who shall liberate the land,' said Mr Cobden, 'will do more for your country than we have done in the liberation of its commerce'."

### DERBY

11th January, 1910

Mr Churchill said:—

"At the moment when their opponents were forging new chains of monopoly for national industry, Liberals were prepared to break the old chains which had long oppressed the national land. Land Reform and Free Trade stood together. They stood together with Henry George, with Richard Cobden, and they stood together in the Liberal policy to-day."

### DUNDEE

11th September, 1912

Mr Churchill said:—

"The reason why property came into disrepute was because, mixed up with the fair and genuine methods of securing and earning it, were all sorts of processes which were not conducive to the public interest, and which bore no proportion to the real merit, service, or exertion of the individual who acquired property. The worst way in which property could be acquired was through the possession of some monopoly.

"Land differed from all other forms of property in several primary and fundamental aspects. It was fixed in geographical position, it was limited in extent, it was absolutely necessary to everyone, and there were many conditions attached to land which gave to the possessor, whether he liked it or not, an undoubted power to absorb to himself year after year a share, and sometimes a very large share, of the general enrichment, which was created by the general community as a whole.

"That they should be prohibited by Tory bluster and Tory bluff from embarking on this great and fertile field of social reform, which offered perhaps the brightest promise of future developments of Liberal and Radical progress, was to his mind unthinkable."

### DUNDEE

July, 1917

Standing as Liberal candidate at a by-election in Dundee, Mr Churchill was asked whether he was in favour of the Taxation of Land Values. The *Dundee Advertiser*, 28th July, 1917, reported his reply:—

"I have made speeches to you by the yard on the Taxation of Land Values and you know what a strong supporter I have always been of that policy."

## THE 1928 BUDGET AT WORK

Writing to *The Times*, 21st June, Mr H. Lewin Robinson, 1A, Middle Temple Lane, London, E.C.4, says:—

"It has occurred to me that the proposed benefits to occupiers of factories under the proposed scheme for relief of rates will not pass to the occupiers unless great care be taken in drafting the Bill. The landlords of factories held on short-term leases will put the rents up, so that the benefits will actually pass to them instead of to the occupiers."

The *Daily News* and the *Evening Standard*, 30th June, carry the full endorsement of Mr Robinson's prophecy. We read:—

"An alarming possibility arising out of the Government's rate-relief proposals—the new features of which are summarized below—was revealed yesterday by Mr F. G. Rye, Conservative M.P. for the Loughborough Division of Leicestershire.

"Mr Rye announced to the London Property Owners' Protection Association yesterday that:—

"A man, in offering him some factory premises recently, remarked that a high rent could be obtained when the lease ran out, because of the Rating Bill.

"He appealed to property owners not to take advantage of the Government's rating proposals by increasing the rents of factories."

Parliament does not make its own economic law, and in the circumstances Mr Rye might as well appeal to the high court of nature to suspend the law of gravitation as appeal to property owners not to do what anyone else would do in their position. It is clear that the landlord's occupy "the fertile regions of rating relief," and that the 1928 Budget can bring no abiding relief to industry nor stimulate employment.

Alderman J. R. Firth, Mayor of Strathfield (Sydney), in a recent letter writes: "Land value taxation for local purposes has been a most unqualified success in New South Wales and Queensland, where it is universal, and to a lesser degree in West Australia, South Australia and Victoria, where only some of the local government bodies have adopted it. Australia would undoubtedly be easily the best place in the world for the average man were it not for our protective tariff, which has reduced the purchasing power of money from 20s. to 6s. 8d. as compared with the days when we had free trade, i.e., 1896 to 1901."

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