

PARLIAMENTARY DEBATES HOUSE OF COMMONS

FINANCIAL STATEMENT April 22nd, 1918.

Mr. DUNDAS WHITE: I hope I may be allowed, as several hon. Friends of mine have suggested taxes which might have been imposed but which have not been imposed, to express the regret which some of my colleagues and I feel that the Chancellor has not been able to make a new departure based on the principle that those who hold the land of this country ought to be called upon to make a special contribution to its defence. That is a principle which we have put forward from time to time, and we base that principle on economic grounds, because the peculiar characteristic of the land is that it is not the result of any person's industry, but that it has been placed there by nature, and the value which should be the basis of the taxation is the value which results not from the industry of any particular person, but from the presence and activity and competitive demands of the community as a whole. That, therefore, in our view, is a communal value, and it ought to be singled out as a special subject for taxation, particularly in a time like this, when we are defending our land at such great cost of life and finance. Nor are there now the difficulties in the way of this which there would have been some time back. We have had a valuation of the land of Great Britain at least practically completed under the Finance Act, 1910-11, which was brought in by the present Prime Minister. This valuation has been completed, but unfortunately the figures which we would like to have—the aggregate figures—are not available. Certain figures are available. We have the aggregate figures for what is called the total value of the land, but the total value of the land is a highly technical expression which does not cover the full value of a property as it stands, but the full value of that property, less fixed charges, including rent charges, and in Scotland feu duties, and various other things. However, it appears from Reports of the Inland Revenue Commissioners that up to the 31st March, 1916, the aggregate of the total values exceeded £5,000,000,000, a very large sum indeed. What we really want to get at, and what there are the present data for, although they never seem to have been added up, are two things—first, what are the gross values of the properties in the United Kingdom; and, second, what is termed their full site values. From the figures to which I have referred one may be inclined to suggest that the gross values are probably somewhere in the neighbourhood of £7,000,000,000, and the full site values probably in the neighbourhood of £3,000,000,000. Those are very large sums indeed, but, as the Chancellor knows, these values do not include mineral values, and it is rather difficult to find what the mineral values are. From an examination of the census of production, and various other figures, however, I am inclined on the whole to think that if the value of the mineral rights—speaking generally, whether the minerals are being worked or not—were added, we should add to these figures something like one-third. In other words, I think the value of the land alone would be found to come to considerably over £4,000,000,000. There is a very large source of revenue which might be taxed, and which I believe will have to be taxed before very long.

I was surprised, in view of these figures, that the Chancellor of the Exchequer, in answer to a question by my hon. Friend the Member for Hanley (Mr. Outhwaite), suggested that there was no hope of getting money by that means, and that his view was due to a lack of belief that money can be got from that source. I venture to think that money can be got from that source, and that it is highly expedient that we should get it. One reason particularly why I would like to see money got from that source is that all these various taxes which are now being proposed are in some sense or another taxes on industry,

and as such they must necessarily do something to hamper production and industry in this country. A tax of this nature would not have that effect. Far from hampering industry, it would rather help industry, and in particular it would help production. If you take the case of land that is not being properly used, there is abundant evidence that a great deal is not being properly used by the very fact that both under the Defence of the Realm Act and under various other measures, Departments have taken power to enter compulsorily on land and insist that it shall be put to a better use than that to which it is being put. These powers have been powers of compulsory interference. They have taken a great deal of machinery, and are unsatisfactory because naturally selection is made. One is taken and another left. That result would be very much better accomplished by general economic pressure, if those who have the land, and particularly those who have it and are not using it, had to pay according to its true value whether they were using it or not. If they had to do that there would be much less need for these special measures to which I have referred, and it is particularly important that this economic pressure should be brought to bear because of the growing importance every day of promoting the development of the cultivation of food in this country as it has never been cultivated before.

Mr. OUTHWAITE: What is the position that we have before us represented by this Budget? In the first place, we are told by the Chancellor of the Exchequer that the National Debt at the end of this year will be approximately £8,000,000,000. That is gigantic enough in itself, but we have to take into consideration the fact that there is no guarantee, seeing the position of the Government in regard to the pursuance of the war, that the war will be over at the end of this year. We may well suppose that the future debt of this country at the close of the war will be in the neighbourhood of £10,000,000,000. Therefore, we shall have to raise at least £600,000,000 a year for the purpose of the service of that debt. The Chancellor of the Exchequer mentioned the pension requirements of the German Government, but I think, so far as we are concerned, we shall have to estimate for somewhere about £100,000,000 a year in that respect. We shall, therefore, have to raise as a result of the war in fresh taxation £700,000,000 per year, apart from our other requirements of £200,000,000, so that we shall have to look forward to an annual Revenue requirement of somewhere about £1,000,000,000 a year.

I mention this in relation to the statement made by the Chancellor of the Exchequer that this Budget gives assurance to the lenders of money. What is the position which confronts us with regard to this matter? He proposes to raise £850,000,000 this year, which is less than we shall have to raise after the war, but of that £850,000,000, £300,000,000 are represented by Excess Profits Taxes, which will disappear after the war. There will go £300,000,000 of your revenue, which is to give assurance to the lender that he will get his interest paid. Then there is the enormous amount raised by Income Tax. Gigantic incomes are being made out of the war. You are spending £7,000,000 a day, vast profits are being made, and the State takes levy upon this income; but when the war is over these incomes made out of the war will disappear. There will be a slump, and a considerable part of your revenue will go. Therefore, so far as the returns from the Income Tax attributable to war expenditure are concerned, they will disappear after the war, and will not be available to give assurance to the lender that his interest will be paid. That will mean that £300,000,000 of revenue from Excess Profits Tax and the large amount obtainable from Income Tax due to war expenditure will disappear. By this disappearance you will lose, perhaps, half of the revenue of £850,000,000 which you are raising. In future you may have to raise £1,000,000,000 in Revenue. Where is the security for the payment of interest on a debt of £10,000,000,000 or of £8,000,000,000 at the end of this year? There is no security. The security will disappear. There-

fore, it is entirely fallacious for the Chancellor of the Exchequer to make such a statement.

The only security is to levy taxation on something which will remain after the war. There is only one way to do that. The Chancellor of the Exchequer has exhausted all the trumpety methods of taxation and the whole stock-in-trade of pettifogging finance, and the only way in which he can give the lender security for the payment of his interest on £10,000,000,000 is to bring into the national balance-sheet the national assets of the country—land, coal, and iron. These will remain after the war, and so long as the population remains their value remains. The Chancellor of the Exchequer told me, in reply to a question I put that there was no revenue to be got out of land. If that be so, and the Chancellor of the Exchequer in this Budget has exhausted all the possibilities of taxation and can only raise £850,000,000, about £400,000,000 of which will disappear after the war, when we shall have to raise at least £850,000,000 in revenue, possibly £1,000,000,000, then if there is no revenue to be got out of land, there is no possibility of paying interest on a National Debt of £8,000,000,000 or £10,000,000,000. I do not accept his view. I believe that if you get the owner's valuation of land, coal, and iron, as is done in Australia, for instance, you will find a taxable value of £5,000,000,000 or £6,000,000,000.

We know there is one interest in this country which renders no service in the war, and that is the landowning interest. There is one class in the community which, as a class, renders no service of value, but whose power to levy tribute on the community has remained and has increased, and as regards agricultural land has enormously increased. The value of agricultural land has gone up from 50 to 100 per cent., as the sales show. This class, which reaps the benefits in a way in which it is absolutely secured, renders no service. It levies tribute on 48,000,000 people, and to secure this profit the war is being waged by men, defending what they call their country, which is really the landowners' country, at 1s. or 1s. 6d. a day. We know that this one interest is so powerful that the Chancellor of the Exchequer dare not touch it. He will search the very gutters of finance and pick up a penny here and a shilling there rather than levy a tax which would bring into the Treasury tens of millions a year by levying a tax on the land of the Kingdom. There is no use in urging the Chancellor of the Exchequer to do this, but I wish to place on the records of this House my warning that by failing to do this the Government of the future will have to face a time of turmoil in which there will be raised the outcry in this House that they must either tax the value of the land of the United Kingdom or repudiate the National Debt.

HOUSE OF COMMONS

FINANCE BILL—SECOND READING

May 14th, 1918

Mr. C. PRICE: The extraordinary thing is that the Chancellor of the Exchequer has lost sight of a subject which is the one from which he could get many more millions than from all these pettifogging taxes, if I may use that term, such as the tax upon matches, the increased Postage Duties, and all these small taxes. I wonder if hon. Members have realised what has been the effect of the U-boat campaign in increasing the value of land in this country! The restriction of imports into this country has enormously increased the price of the products of the land, and has correspondingly increased the capital value of the land itself. It is an extraordinary thing to me that the Chancellor of the Exchequer should have lost sight of this source. Since the war began the Corn Production Act has been passed, which has also helped to increase the capital value of land, with the result that farms at

the present time are selling at fifty years' purchase. Those who saw the report of the sale of the Duke of Buccleuch's estate will have seen the prices that farmers were willing to give for land. A friend of mine told me of the sale of an estate which was left to his nephew, who was in France, engaged in the war. He sent home word that the estate was to be valued and then sold. A firm of valuers in this country valued it at £90,000. It was put up for auction and realised £160,000. It changed hands again very shortly afterwards at the figure of £200,000. There is an increase in the capital value of the land, yet the extraordinary thing is that the Chancellor has not thought it worth while to get hold of the increased capital value. He has imposed the Excess Profits Duty, he has increased the Income Tax, he has gone to any number of sources, yet the one subject which has enormously increased in value since the war began is the subject which the right hon. Gentleman entirely ignores.

It is all very well for hon. Members to get up in this House and say that the Chancellor of the Exchequer should not put the extra duties on postage, sugar, and luxuries, without suggesting to him some other source from which he can obtain his Revenue. It is a perfect scandal to think that during this war protection should have been given to all people who possess land, not only in regard to the money which has been spent, but in blood and treasure—I have also derived benefit from it, through being a landed proprietor—and that the owners of land should not have been called upon to make any contribution to this expenditure. It is unfair. It is not right for the House to constantly impose these increasing burdens on the people and at the same time treat this subject as one that is sacrosanct, and one that the House must not do anything to disturb.

Mr. OUTHWAITE: I wish to say a few words of criticism on the speech which was made by the hon. Member for Birkenhead (Mr. Bigland), in regard to a project which he brought forward, and as to which I have no doubt we shall hear a good deal in the future. Already we find that this project is being brought before the public very prominently by an organisation which calls itself the British Empire Development Association, with which I think various members of the Administration are connected in regard to its direction. The proposal which the hon. Member brought forward is the proposal of the association, namely, that as a means of meeting our vast war debt the Government should go in for the acquisition of vast areas of territory in various parts of the British Empire. He said that British Guiana is a suitable field for the growing of tobacco, and that the object should be to acquire large areas of land by purchase, and to hold it for the State, which is to retain the rental value and to acquire the unearned increment that will accrue in course of time to the land. The whole speech of the hon. Member was very interesting as showing at least his grasp of that fact of increment and its application far afield, but I desire to bring it closer home in regard to the values which attach to the land here through the industry and enterprise of the community. In the first place, I would point out that the hon. Member may be quite assured that we have land within the British Empire which is in process of increasing in value, but that the people in the particular parts of the British Empire where the increment occurs will assume possession of that increased value and that it will not come to the British Government. It is proposed by this association that the Government should acquire land in Canada. I would point out, however, that it is not likely that the Canadian Government will allow the British Government to buy great territories in Canada, and that afterwards, when, as a result of the enterprise of the people of Canada, the land has increased in value, it shall take possession of that enhanced value. You may be quite sure that in Canada, as elsewhere, the increased value of land resulting from the labour and enterprise of the people themselves will go to those who have created that value. Consequently it is a vain and barren hope on the part of the hon. Member

if he thinks our war debt will be wiped out by this kind of speculation in various parts of the Empire.

But I do think the hon. Member deserves a measure of commendation on the fact that he has arrived at a great truth as to the increased value of land, created by the enterprise of the people, but his application of that truth is not that which will be accepted in those parts of the Empire where it will be assumed that the increment belongs, not by right to any individual, but to the State, for the general purposes of the State—that is, the general purposes of the people who have created that wealth. It is for that reason that I desire to point out to the Chancellor of the Exchequer that he need not go to British Guiana, or to the uttermost ends of the earth, to secure the values which have been created by the community. He should not cast his eyes in vain on possible values to be created by peoples far afield, values to which we have no right or title, but rather should he cast his eye around him and think of the values which have been created by the people here, and of the prospective values to be created, as values rightly belonging to those people. The hon. Member gave an illustration of the rise of land values in this country. He told us that he was trustee of an estate which 130 years ago brought in £34 per annum and now brings in £3,400. That case is not an isolated one; in fact, so great has been the increase of land values in this country that I am quite confident that the Chancellor of the Exchequer, if he secured those values by the same process as has been adopted in Australia, New Zealand, and elsewhere, of compelling the owners to disclose the values, he would find that the land values of the United Kingdom would represent so many thousands of millions of pounds that they would wipe out the War Debt that has been created. It is to this national asset we have at home to which he should look to meet the national obligations imposed upon us by the war.

ALL THIS BELONGS TO A FEW!

Invasions, wars of conquest, political revolutions, wars for the control of markets, and acts of spoliation carried through by governors of those under their protection—these constitute the titles to private property in land; titles sealed with the blood and enslavement of humanity. Yet this monstrous origin of a right which is absurd, since it is based on crime, does not hinder the law from calling that right "sacred," inasmuch as those who have withheld the land are the very ones who have written the law.

Private property in land is based on crime, and, by that very fact is an immoral institution. That institution is the fount of all the ills that afflict the human being. Vice, crime, prostitution, despotism, are born of it. For its protection there have become necessary the army, the judiciary, parliament, police, the prison, the scaffold, the church, the government, and a swarm of employees and drones, supported by the very ones who have not so much as a clod of earth on which to rest their heads since they have come into life after the Earth has been divided up among a few bandits who appropriated it by force, or among the descendants of those bandits, who have come into possession through the so-called right of inheritance.

The Earth is the element from which everything necessary for life is extracted or produced. From it we get the useful metals, coal, rock, sand, lime, salts. By its cultivation we produce every kind of fruit, for nourishment and pleasure. Its prairies yield food for the cattle; its forests offer us their woods, its fountains are the generative waters of life and beauty. And all this belongs to a few; makes happy a few; gives power to a few; though nature made it for all.—From "Land and Liberty"—Mexico's Battle for Economic Freedom.

NEWS AND NOTES

With this issue LAND-VALUES enters on its 25th year of publication.

H. R. Gawen Gogay, Dongolo, 25, Heygate-Avenue, Southend-on-Sea, writes to the WESTMINSTER GAZETTE, April 19th:—Surely the differentiation which the Government make between "earned" and "unearned" income lacks a basis of common-sense and justice? I am acquainted with the widow and daughters of a professional man whose gross income is about £640, derived entirely from the rents of small weekly and monthly houses let at inclusive rentals, from which the following outgoings have to be deducted to get at the net income:

1. Ground rent.
2. King's taxes, including the inhabited house duty.
3. Borough rates, very heavy in London.
4. Water rates.
5. Fire and aircraft insurance.
6. Repairs, heavy, but more than doubled since the war.
7. Agents' charges.
8. Empty property and defaulting tenants.

Next door to the widow resides a municipal official whose salary (net) is £650. The widow pays on the "unearned" rate; the municipal official on the "earned" rate.

The irony of the whole thing is that the widow's property has been purchased from the earnings of her late husband. Surely the force of injustice cannot be conceived of going any farther; neither can anything more Gilbertian be thought of?

Since the Corn Production Act was passed there has been a vastly increased demand for small farms. I know of any number of men who are on the look out for farms.

In numerous instances these men are not farmers, but having made a "pot of money" in urban industry during the war they are now sighing for the *otium cum dignitate* of the landed proprietor.—"Daily Dispatch," March 6th.

One reason why there is a slackness in pursuing Mr. Lloyd George's "relentless" policy urged by him upon County War Agricultural Committees is because there are too many large landowners and land agents sitting upon these County Committees, with the result that while small farmers of even 20 acres are bullied into ploughing half their land, on some private estates nothing but green grass is visible.—F. E. Green in the "New Witness," 5th April.

Grazing land in South Wales is being rented as high as £10 per acre annually.—"Westminster Gazette," May 14th.

There must be a new agricultural and a new forestry policy, but this would mean State interference with landlords and farmers to an extent, and of a character, greater than ever before. They must submit to it because it was necessary for the safety of the country.

He appealed to landowners and to farmers to do nothing to prevent a settlement of the demobilised soldiers on the land, for if they did not show themselves sympathetic Socialists would draw the moral.—Lord Selborne, at York, April 20th.

At Mountain Ash Council it was pointed out that buildings sites could be obtained in Yorkshire at from £40 to £60 per acre, compared with £800 to £1,000 asked for land locally.—"South Wales Daily News," May 16th.

"Consider the serious difficulties in a programme which sets out to make a comprehensive town plan for the greater London area . . . there is the eternal difficulty of the high value of land and the need of meeting the claims of the landowners."—W. R. Hughes, in a contributed article to the "Westminster Gazette," 8th May.