



## LAND & LIBERTY

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### THE BUDGET

The Labour Party have put in their Resolution what amounts to a vote of censure upon us for not fortifying the Exchequer by raising money by taxation on land values. We are pledged by the pledges we gave at the Election not to do anything of the kind.—Mr Baldwin, in the House of Commons, 25th May, 1925.

I took occasion to inform my constituents in the Epping Division during the recent Election that I was not seeking a mandate from them for the taxation of land values during the present Parliament.—Mr Winston Churchill, in the House of Commons, 16th December, 1924.

The landowner who in many cases, in most cases, is a worthy person utterly unconscious of the character of the methods by which he is enriched is enabled with resistless strength to absorb to himself a share of almost every public and every private benefit, however important or however pitiful those benefits may be.—Mr Winston Churchill, at Edinburgh, 17th July, 1909.

The keynote of the Budget presented in the House of Commons on 24th April is a tariff of 4d. per gallon on imported oils. The money thus obtained, added to the general surplus from other taxes, makes a sum exceeding £29,000,000 a year, which the Treasury will hand on to the local authorities so that they can exempt farm land and farm buildings entirely from local taxation and remit three-quarters of the rates now assessed upon land and buildings used for production as distinct from distribution. The railways also getting this three-fourths relief from local taxation undertake to decrease their freights on farm produce and on the raw materials of the heavy industries. One good turn deserves another. Directly and indirectly, the petrol tax comes to the aid of the manufacturers and of agriculture in distress. The revenue taken from the consumers of foreign oil will bring good fortune to the favoured interests and the story is told how in other ways the tariff will promote employment and diffuse increased wealth among the people.

Minor features of the Budget include a tariff to safeguard the home manufacture of buttons and

a tax on mechanical lighters to curtail their use as competitors of taxed matches. Goodwill is shown in the increase of abatement of income tax in respect of children; and there will be a slight reduction of the sugar duty. At the same time the sugar refiner is not forgotten, because the duty is so adjusted as to help him in his competition with the imported article and with the subsidized sugar made from home-grown beet. Licence duties on commercial motor vehicles are lessened to allay the heavy blow of the petrol tax, but the concession is only given where pneumatic tyres are fitted and this again will profit the British tyre industry.

Explaining the industrial effect of his major proposal, the tariff on oils, Mr Churchill said an undoubted stimulus would be afforded to the production of Scottish shale oil and other British oils, benzole and liquid fuel manufactured by all the new scientific processes from British coal; effectual protection would be given to that great home industry "exactly as we have done in regard to beet sugar." Moreover, the railways would regain some part of the traffic that petrol had driven along the roads and obviously raw coal would have a better chance in the home market as the alternative source of heat, light and power.

Mr Churchill's surrender to the protectionist view is so complete and unconditional that he has achieved a new dignity. He has turned the happy wit of Monsieur Bastiat into a practical joke. He is the modern spokesman of the "Candlemakers," and taking his counsel the British Government will attempt to benefit industry by intercepting the rays of the sun. For what is the difference between the intention of this Budget and the claims made in the famous petition? The candlemakers and the manufacturers of everything generally connected with lighting suffered from the intolerable competition of a foreign rival who invaded their market with his product at a price fabulously reduced. They besought Parliament to shut up all access to the sun's light and almost incredible was the prosperity that every trade and the whole nation would enjoy. Mr Churchill's purpose is the same and we hear the same plausible eloquence in the peroration of his Budget speech. In his case the trouble is the cheapness of those stores of energy that have been harnessed by marvellous invention to the internal combustion engine. The imported heat of the sun—for petrol is nothing else—is flooding our markets; we are becoming increasingly dependent upon it; we are increasingly becoming a sink. That is the lament. What the Creator has supplied in abundance and what genius has turned to the service of humanity must be made more expensive and more difficult to obtain because its use is a menace to home industries. A protective tariff is imposed and is boldly justified by the assertion that in any case the consumer can pay because the price of the article has fallen in recent years by considerably more than the amount of the new impost. The attack on the "foreign rival" will provide much money, besides protecting the home producer. Here is the miraculous agency for such an impetus and such financial relief to business confronted by competition, that the basic

industries will be restored to prosperity and the benefit they derive "will permeate tier by tier to every part of our social and economic life." It is the language of the candlemakers in which Monsieur Bastiat poked fun at the protectionist argument. Mr Churchill jests in dead earnest and the practical joke he has played will have far-reaching consequences.

The regions of rating relief have been made more "fertile and agreeable" for the landed interests. The new grant of the total remission of local taxation on agricultural land will increase the annual rent by some £4,700,000 and add nearly £100,000,000 to the capital value. The policy of the Agricultural Rates Acts which in 1896 removed a quarter of the rates and in 1923 took off three-quarters is to be carried to its logical conclusion; and the Government intend to scrap the whole machinery of assessment and re-assessment of agricultural land to make permanent, as far as they can, this subsidy from the taxpayer and tie the hands of future Parliaments. Every authority agrees that the rating relief is a gift to the landowner, because it enables him to sell the land at a correspondingly higher price or get so much more rent when a tenancy is renewed. The more valuable the land is, the greater is the bounty to the owner. It is not a little curious to see Mr Lloyd George recurring to that view of the case after all the recent work he has done through Liberal land reports and inquiries to establish a case for the "distressed landowner," who can no longer do his duty as "partner in agriculture" and provide the farmer with capital. Mr Lloyd George made his political fame in his fight against the rate subsidy in 1896 and the argument is too enticing now to be overruled or silenced even by the findings of the Liberal land reporters. There should be some searching of hearts at this stage and some responsibility shouldered for the pace set by the Liberal Land Conference in 1926, which, in effect, declared against any tax or rate on the value of agricultural land and suggested that improvements could be relieved in some other way! We said at the time that this was a concession to the policy of the Agricultural Rates Acts and the agitation coming out of that Conference has only made opinion for the final instalment of the landlord dole. The failure to insist that land value is a public value and does not belong to the landowner should come home also to those in the Labour Party who have advocated land purchase with public funds. A new reckoning must be made of the cost and £100,000,000 or more charged against it with a new tax invented to make the people pay for their birthright.

Coupled with the Budget proposals are the Bills necessary to define productive industry and assess as separate properties land and buildings used for that purpose, so that the Treasury may pay three-fourths of the rates now levied upon them. The impossible distinction between production and distribution will be attempted—between business that employs manual workers and business that puts goods on the market after they leave the factory. One branch of industry is to be subsidized while the other, without which production in any

of its forms is unthinkable, is to continue under the full burden of the rates on its buildings and improvements. This precious scheme which leaves local taxation as heavy and as harsh as ever upon householders, shopkeepers and traders is spoken of as a rating reform. Mr Philip Snowden has rightly described it as a "fantastic half-baked monstrosity." The confusion it would add in the matter of administration to an already crazy system is appalling; but that is of little account compared with the folly of the proposal and its manifest injustice. Rating relief on these lines will give no spur to industry any more than the removal of rates from farm land will benefit agriculture; it can only stiffen the monopoly price of land. In short, and it is no mere figure of speech, the books of the estate agents opened on the 25th April on the morning after the Budget speech with millions added in the anticipation of increased land value. The tax on petrol benefits by its protection and its subsidy the owners of the coal measures and other mineral resources, and speculators in the value of farm land and factory sites are already out to take from agriculture and industry all the benefits of the proposed reduction in local taxation. It is this further barrier raised against labour and capital, besides the immediate monetary gift to the landowner, that makes the whole scheme so monstrous.

The Budget is a frontal assault upon the Free Trade position of this country. It outshadows all the piecemeal bits of protection that have been introduced in the name of safeguarding duties; and in scope, purpose and effect it is a flagrant breach of the Prime Minister's pledge that the present Parliament would not introduce a tariff. As a political move it makes promises of immediate boons to farmers, manufacturers and the coal and railway magnates and is a bribe for their support. The local authorities are given a vested interest in a Customs duty that will be the less easy to repeal because it becomes an essential link in the finance of rating relief schemes, and in so far as it takes employment from some workers to give it to others, it throws an apple of discord among trade unionists themselves.

In his Budget for the current year, Mr Churchill has definitely made the issue at the coming General Election. The safeguarding process is rather slow for those who are out for the erection of tariff walls, and once again a Baldwin Government seeks a mandate for this new building. As in 1923, the Free Traders can be relied upon to take up the challenge. The persistent unemployment will figure in the debate and the forces opposed to Protection must be ready to show how this menace can be wiped out by one bold stroke. Speculation in land values must come to an end before there can be any new employment. It is this speculation that is in the way of any improvement in trade and commerce. The taxation of land values is the positive and liberating side of the Free Trade principle. The time has come to make the land value policy the uncompromising answer to the pretentious claims of the tariff reformers.

A. W. M.