

## LAND & LIBERTY

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### THE BUDGET

Bad taxation is as certain to produce bad government and bad social conditions as is bad food to produce indigestion and decay in the human body. And, as no medicine, in the long run, can supply the place of good food, so no other social reforms can ever bring social health so long as unjust and unscientific forms of taxation are continued.—From *Natural Taxation* by Thos. G. Shearman.

Mr Chamberlain presented his financial statement on 7th April, showing for 1933-34 a surplus of £31,148,000. For the forthcoming year he estimated a surplus of £29,100,000 on the basis of existing taxation. Of this he gives 20 millions in income-tax concessions, so distributed that the bulk of the sum goes to the wealthiest people. Licence duties on motor cars are reduced. Civil servants, teachers and others in the pay of the Government have restored to them half of the salary cuts which they sacrificed to national economy in 1931; and by contrast with the 20 millions to the income-tax payers, the assistance to the unemployed, whose sacrifices under the harsh Means Test have given the Chancellor more than his surplus, is increased by 3½ millions.

Since the Government plunged the country into the morass of Protection, the Customs duties have yielded £58,000,000 a year more in revenue. But this is not a sign of prosperity; it is a symbol of extortion. The Budget carries a stage further the shifting of taxation upon the general body of consumers. There is more and more resort to indirect taxation, and it is significant that with the tariff policy in operation there has been a startling fall in the yield of the income tax which is £40,667,000 less than last year and £82,543,000 less than in 1931-32. So it will not do for the Chancellor to boast of his surplus as a justification of Protection or pretend that the country is better off. At the same time he conveniently evades the awkward fact that the annual service of the American debt has been withheld last year, a sum that exceeds the surplus, and in the ensuing year he budgets with continuance of this default.

The tariff that was intended to keep out the foreign goods and so make work for the home producer has produced considerable revenue. That is true, but it is more than offset by the decline in other sources. Protection has not only failed to protect. It has failed to increase the wealth of the community; it has succeeded only in making the distribution more unequal still, and a new interest gains strength in perpetuating the inequality. It is the experience of every protectionist country where the tariff has been fastened on the people by first attracting the support of manufacturers and farmers. These producers are bribed by the proffered chance of an exclusive market for themselves where they shall have the privilege of exploiting consumers in higher prices. Each thinks he gets a benefit from the tariff; but allied with them in defence of Customs duties is the other interest as powerful and as insidious which will fight to the last ditch against any repeal, to avoid the taxation

it would have to bear if the tariff was abolished. It is the vested interest of those who inhabit the "house of have," made more secure in their possessions by the tax relief that throws the burden upon the working classes. Here is the opposition to Free Trade that so many Free Traders ignore, the opposition that has been responsible for aiding the protectionist in defeating every attempt to lower or remove the barriers to international trade and incidentally stop the robbery that they shelter. It was the defence, nay, the approval, of "tariffs for revenue" that played so largely into the hands of the opponents of Free Trade and won for Protection its victory. And Free Trade will only be restored by an agitation that will condemn every duty of customs or excise and every tax direct or indirect, that falls upon labour and the produce of industry.

In the Budget debates, little has been heard of the rights and wrongs of taxation or what bearing its incidence has upon employment. It is only the amount of taxation that seems to count and how it should be spent upon development schemes and other ways of making work. Mr Chamberlain, announcing his reduction of income tax, alleged that this relief would impart the most immediate and vigorous stimulus to the expansion of trade. So he gave voice to the idea that someone having more money to spend would thereby help to give more employment to others, but if that were the cure for unemployment it surely applies with equal force to relief from all manner of tax burdens whether imposed on the rich or on the poor. The fallacy that the circulation of spending power is the way to better times for all, no matter what means are adopted to obtain the revenue that is spent, was entertained with no less insistence on the Opposition benches, and with the difference only that the spending power should be exercised by the State. However the surplus may have been derived it should be retained to supplement the housing subsidies or build more roads or alleviate poverty through one channel or other. Such are the arguments contributed by many Members of Parliament to the solution of the dominant problem of unemployment. It has been a field day for the money-for-social-reform school which has learned nothing from the lessons of the past and gained no experience from the fact that the hundreds of millions spent on such schemes have had no permanent effect but to harden the price of land and benefit the rent receiver. The robbery and swindle of the tariff is overlooked, and all the injury of its exactions upon industry. The Customs duties now yield £179,177,000 a year. It is sufficient that they provide a fund for the assistance of industry or for better social services. It is sufficient that the dog be fed on its own tail.

The State has no concern with employment and can do nothing to promote it save by ensuring the freedom of production and then leaving well alone. If laws and institutions permit unrestricted monopoly in the natural resources of any country and enable some to exact in the rent or price of land the produce of other men's labour, there poverty and unemployment will prevail. Material progress by inventions and improvements add enormously to wealth-producing power; but the fruits of labour being taken in rent, the unequal distribution of wealth is only intensified and there is no paradox in the persistence of poverty amid abundance. All attempts to subsidize wages with grants-in-aid out of the taxes ignore the fundamental cause of the labourer's impoverishment, that he is a landless man able to earn a living only after permission has been bought from a holder of land. The price paid is the land value which, like the land itself, the holder never created. The price demanded for permission to use the ground is often more than any earnings can defray, and the factory, farm or mine where men could be employed

cannot be occupied. The men stand idle at the gateway to employment. The private appropriation of the rent of land, and with that the ability to withhold land from use free from taxation, is the abiding obstacle to industrial prosperity. Governments have superimposed fiscal handicaps in all those forms of restrictions and repressive taxation that Parliament has just made the subject of its annual debate on the country's finances; and on this occasion the debate was not raised above quibbles about the origin or destiny of a surplus that a host of iniquitous imposts happen to have realized in excess of the expenditure.

A. W. M.

## MINERAL ROYALTIES AND WAYLEAVES

The question of the handicaps imposed on the mining industry by private ownership of land has been the subject of some outspoken comment recently. Lord Gainford, a prominent colliery owner, speaking at a luncheon on 19th March, said: "I believe the antiquated provisions in many of our royalty leases ought no longer to exist. Possibly it would be better if royalties were nationalized, or at any rate in the hands of one body to whom the best terms could be given, so as to secure the best underground working operations and the most economical production in the coalfields."

Mr F. A. Szarvasy, at the Annual Meeting of Amalgamated Anthracite Collieries Limited (12th April), said that the Government would be well advised "to deal with and mitigate some of the anomalies and harshnesses of dead rents, royalties and wayleaves. . . . The question of underground wayleaves also calls for attention because it has long been regarded as an unfair impost on a much-tried industry and more in the nature of a windfall to the person receiving it than an acquired and transferable right, for it arises solely from the selection of the site where the colliery is first established."

Mr Justice MacKinnon, presiding at a sitting of the Railway and Canal Commission on 16th April on the hearing of an application by the Consett Iron Company Limited for the right to use a mineral railway at a reduced wayleave, said: "It is to be considered whether it is in the national interest that a company which employs thousands of men in adding to the national wealth should have its overhead charges continued at high rates by paying an arbitrary price to the owners of the land over which it wishes to pass."

In his evidence before the Royal Commission on the Coal Industry (1919), Sir Richard Redmayne, H.M. Chief Inspector of Mines, said that he had before him 100 cases which indicated that the "ownership of minerals ought to be altered." He gave particulars of a number of these, and referred to cases of "either absolute refusal to lease mines, or the demand of prohibitive and unreasonable terms."

The Royal Commission of 1903 estimated the coal resources of the United Kingdom at 140,398 million tons. The amount of coal raised between 1904 and 1919 was 4,048 million tons—a very small fraction of the total—but knowledge of the available coal resources was much extended during that period. It may, therefore, be assumed that the available coal resources are now even larger than was estimated in 1904.

The enormous power in the hands of those who own the natural resources of the country is indicated by the evidence given before the Royal Commission of 1919. The following are the gross yearly incomes stated to be received from mining royalties and mining wayleaves by some of the larger owners:—

Ecclesiastical Commissioners (1917) ...	370,000
Lord Durham (1918) ...	38,648

	£
Lord Dynevor (average 1916-18) ...	9,321
Lord Dunraven (1918) ...	64,370
Duke of Hamilton (average 1908-9 to 1917-18) ...	115,432
Duke of Northumberland (1918) ...	82,450
Lord Londonderry (average 1913-18) ...	14,684
Lord Tredegar (average 1913-18) ...	84,827
Lord Bute (average 1913-18) ...	115,772

In some cases the area of land under which the coal lay was stated to the Royal Commission, and it is to be remembered that the owners were drawing rents from the surface for agriculture, building and other purposes, as well as royalties and wayleaves. Some illustrations may be given:—

	Total Estate (acres)	Coal Area
Lord Durham ...	—	12,411
Lord Dynevor ...	9,300	8,720
Lord Dunraven ...	26,443	17,602
Duke of Hamilton ...	56,500	20,500 worked. 13,500 unworked.
Duke of Northumberland	169,000	244,500
Lord Londonderry (in Durham) ...	—	5,808
Lord Tredegar ...	32,000	18,800
Lord Bute ...	128,582	48,878

In the case of the Duke of Northumberland it will be noticed that he owns the mineral rights over a large area of which he does not own the surface rights. It is not stated in many cases how much of the coal area was actually worked. Even assuming that it is all worked the high revenue received per acre is very noticeable.

The Royal Commission of 1919 was unanimous in recommending that the natural element, coal, should become national property. The miners representatives, Messrs Frank Hodges, Herbert Smith and Robert Smillie, were opposed to any payment of compensation; the other advocated "fair and just compensation." The colliery owners, like Mr Szarvasy and Lord Gainford, desire the State to step in to protect them from the worst exactions of the landlords, but they themselves are in many cases enjoying part of the economic rent. To spend public money on purchasing mineral rights or wayleaves for the benefit of colliery proprietors is no solution of the difficulty. The coal question is but a part of the land question, and the taxation of land values would restore to the people their rights in all natural resources.

F. C. R. D.

**COAL MINE ROYALTIES.**—The Minister of Mines in answer to a question on 20th February gave a statistical statement showing for each district in Great Britain the estimated total amount of Royalties and Wayleaves (including the rental value of freehold minerals where worked by the proprietors) paid by colliery owners and the average amount per ton of saleable coal raised. We give a summary of the figures:—

Year	Total Royalties £	Average per ton d.
1927 ...	6,049,000	5·75
1928 ...	5,528,000	5·57
1929 ...	5,912,000	5·47
1930 ...	5,457,000	5·41
1931 ...	5,135,000	5·56
1932 ...	4,827,000	5·53

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