
LAND & LIBERTY

Published by the Land & Liberty Press, Ltd., for the Proprietors, the United Committee for the Taxation of Land Values, Ltd.

Sixtieth Year.

Established June, 1894.

By Post 10s. per annum.

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SEPTEMBER—OCTOBER, 1953.

COMPOUNDING WITH LANDLORDISM

"Many of the social evils which existed to-day were due to the private monopoly in the ownership of land and the only way by which the grip of the aristocracy on the land could be loosened was by imposing a strong progressive tax on land values."—*Keir Hardie, M.P., at Bradford, January 21, 1909.*

"TAX LAND VALUES. Why?—Because the Land Question affects everything—Industry as well as agriculture . . . Food is grown on the land . . . Raw materials are extracted from the land . . . Taxation of Land Values would . . . stimulate employment by making the national resources accessible to labour . . . A Labour Government will deal drastically with the scandal of the appropriation of land values by private landowners." *From the General Election, 1929, Leaflet No. 254, issued by the headquarters of the Labour Party, Transport House, S.W.1.*

Mr. George Dallas, a former Chairman of the Labour Party and Member of Parliament, 1929 to 1931, is the perfervid protagonist for presenting the owners of the agricultural land in Great Britain with State bonds of an amount which he has not specified, but which by a most conservative estimate cannot be less than thousands of millions of pounds. By that immense land purchase scheme, he would commit the Labour Party to nationalizing all the land that is scheduled as "agricultural" under the provisions of the laws that exempt it completely from local taxation. He would make such addition to the national debt, but he says it would be purely "a paper transaction and therefore would be no burden on the nation," since "the rents received (by the State as landowner) and the returns from the ever-increasing values of the land would more than cover the interest and sinking fund."

Possibly Mr. Dallas will dispute our thousands of millions as an extravagance but that is neither here nor there. He himself gives no figure other than the estimate of the capital value of the agricultural land in England and Wales, made by the Ministry of Agriculture in its report on agricultural output for the year 1930-31 and quoted by Sir Daniel Hall in his book *Reconstruction and the Land*. That figure was £645 millions to which Sir Daniel, by no more than guesswork, added £125 millions for Scotland, making £770 in all; and he remarked that those estimates were probably low at the time when they were made and that in 1941 when his book was published, the figure was likely to be something less than £1,000 millions.

Mr. Dallas makes much use of Sir Daniel's book, finding in the author one of the champions of land nationalization by purchase. He suggests, like Sir Daniel, that the land could be purchased on the basis of the

Income Tax Schedule A assessment; and approvingly quoting Sir Daniel as well as two other alleged authorities, Orwin and Peel, he utters such nonsense as this: "The State is provided already with the calculation of the annual value of every holding in the country which is made for income tax purposes . . . This valuation is kept up to date by periodical revision." Schedule A is nothing more than an assessment based on the rent received by the landlord or the rent estimated in the case of owner-occupiers, and notoriously it departs from being anything approaching a "valuation of the annual value" of land. Orwin and Peel in their book *The Tenure of Agricultural Land* offered those reflections in 1925 when, so far as we are aware, the provisions for revising the Schedule A assessment once every five years had some formal observance. The position, however, to-day is that the latest revision for England and Wales dates back to 1934.

Even so, no one—not even the Treasury, as we have discovered—knows what is the total of the Schedule A assessment of land which is called "agricultural" as distinct from all other landed property. It is not separately shown in the official returns. That being the case, the irresponsibility of the land purchase men like Dallas, Daniel Hall, Orwin and the rest, who would fasten a new debt of unknown amount on the backs of the people, is all the more reprehensible. Glibly they say they would capitalize the rent at which agricultural land happens to be assessed for income tax purposes *but never does any one of them venture to say at how many years' purchase.*

Another authority Mr. Dallas depends upon is the 1943 Astor-Rowntree report (presumably that on Nutrition to the League of Nations) with its recommendations in favour of nationalizing agricultural land. Lord Astor referred to it in two articles in *The Observer*, June 13 and 20 of that year, and commenting thereon, Mr. Manning Dacey, the financial editor, said that "a reasonable estimate to-day" of the value of agricultural land in this country would be near £1,750 millions. That was in 1943. Now we are in 1953 and in the interval vast new subsidies have been voted in aid of agriculture and inflation has further sent land prices soaring, so that Mr. Dallas should have another try at estimating what his purchase scheme—"a paper transaction and therefore no burden on the nation"—would amount to.

The land nationalizers search in vain for the figure they would write in the cheque which the taxpayers of this country would be forced to pay in favour of the landowners. There are estimates and estimates but how faulty or fallacious all of them are is instanced by the estimate made in 1930-31 by the Ministry of Agriculture. It purported to show that the average selling value per acre of land sold in that year was £24, a figure that could be derived only from such sales of certain farms and fields with buildings included, as happened to have taken place in that year. The number of such holdings sold was a paltry fraction of the total holdings—farms and estates—throughout the country, and to make the average sale price of them apply to the whole extent of agricultural land was highly ridiculous. As well might we figure on the facts given in our previous issue of some prices paid for farm land in April and May, 1953, as reported by the *Estates Gazette*—thirty-six holdings of varying sizes occurring in twelve English counties—384 acres sold for £35,424—an average price of £92 per acre. When the average price per acre obtained by this sampling is multiplied by the 29,000,000 acres of agricultural land in England and Wales, the total value works out at

£2,668 millions. The deduction thus derived is no less valid than that arrived at by any of Mr. Dallas's agricultural experts. How much to add for the value of Scottish agricultural land we have not computed.

Unable or not daring to fill in the sum in their blank cheque, and ignoring the fact that all existing land purchase Acts have earmarked the "actual market value" for landlord compensation, the land nationalizers would decree the arbitrary and indefensible formula of purchase on the basis of rents landowners are now receiving or at the rent at which the land is at present assessed for Schedule A of the income tax. That would make a smaller price, they think, given that they could ever carry such a scheme through Parliament. It would be their stratagem, they imagine, for cheating landowners of the high building value of much land now let at low rents for agricultural purposes or of the value of vacant land whose Schedule A assessment is *nil*; and in that respect it would amount to out and out confiscation. Landowners would be discriminated against through circumstances beyond their control, seeing that it is the electorate who are responsible for the existing tax laws that make land speculation such a paying game. Those owners who get but little rent to-day, although the actual value of the land is very high, would be paid but little, but the more rent any landowner is enjoying to-day the greater would be the ransom he would receive. To the land nationalizers this may be poetic justice, but to us it is morality of a most questionable nature. The value of the land either belongs to the section of the people claiming to own the land or it does not and it is about time the land nationalizers made up their minds which is which.

The foregoing are only some of the points that have arisen in the keen controversy that has filled columns in recent issues of *Forward* and *Tribune* and it would be impossible except at much writing to deal with all of them. Contestants were Mr. Dallas and Mr. R. R. Stokes, M.P., the latter condemning the land nationalization by purchase and upholding the case for the Taxation of Land Values.

Mr. Dallas refers to the "definite and carefully thought out" plan for nationalizing agricultural land, by which he contends that the Labour Party is committed. The reference must be to the report entitled "A Labour Policy on Agriculture" which was adopted by the annual conference of the Party in 1926. There is none other. Under this plan it was only *rented* agricultural land that was to be nationalized, owner-occupied land being excluded as well as land in semi-urban areas with a "substantial" site value. But standing as he does for the nationalization of *all* agricultural land, Mr. Dallas rejects that partial scheme, saying "it is an unworkable suggestion; agriculture cannot be reorganized on a basis of nationalizing rented land; to attempt to do this would simply lead to chaos and confusion and in the end would prejudice and discredit nationalization." In this he incidentally throws overboard one of his acclaimed supporting experts, Professor A. W. Ashby, lately director of the Agricultural Economics Research Institute, Oxford, who was insistent upon starting operations with rented agricultural land. Upon whose advice, then, are the land nationalizers expected to rely, if decision is to be taken at the next conference of the Labour Party?

It is in his objections to Land Value Taxation as applied to agricultural land that Mr. Dallas goes to extremes. To him the Land Value Taxers within the Party, who therefore oppose land nationalization by purchase, belong to the "small group of timid falterers and weak-kneed

persons" who are guilty of "pitiable appeasement of the hereditary landlord class." He imagines men like Keir Hardie and Bob Smillie rising in their graves in revolt if they knew what was being done to foist this "half-witted scheme" of Land Value Taxation on the Labour Party they had helped to create. As for Keir Hardie we allow him to speak for himself in the insert at the top of this article. As for Bob Smillie, he who was ever so forthright in disclaiming any landlord compensation whatever, were he to arise from the grave, his lash would be for the land nationalizers who in compounding with the land monopoly are betraying the cause of the people.

Mr. Dallas's argument does not resolve itself into maintaining that to tax land values would be wrong or an injustice to the present recipients of economic rent, but it is implied in his very proposals for land purchase. He indulges in such stupidity as that there would be no value in land to tax after allowing for any buildings or improvements standing thereon; and such misguidance as that the land value policy is out of court because a six-member majority as against a three-member minority of the Simes enquiry committee, reporting in 1952, said that a rate on site values was "impracticable and undesirable"—Mr. Dallas failing to explain that this finding was arrived at *having regard to the provisions of the Town and Country Planning Act* and its ill-famed "development charge" which has since been repealed. And he makes the wild statement that when those land nationalization proposals were approved—that is in 1926—the Taxation of Land Values was thoroughly discussed and utterly and completely rejected, thus inferring the cancellation of the resolution adopted in favour of Land Value Taxation at the Party's conference of the previous year. Let the quotation we give above from the leaflet issued by the Party for the 1929 General Election be a sufficient answer to that contention.

A. W. M.

SNOWDEN ACT AND AGRICULTURAL LAND

Bearing on the discussion in "Tribune" and "Forward," the Secretary of the United Committee wrote as follows to the editors of these journals:

I would like to correct a statement that has been made repeatedly in the exchanges between Mr. Dallas and Mr. Stokes, namely that the Snowden Act of 1931 excluded all agricultural land from the levy of the Land Value Tax. The statement misrepresents the facts.

The act provided for the valuation of the market value attaching to *all* land apart from the value attaching to buildings and improvements, and for the levy of the tax on that land value; with the proviso, however (S.11, ss.2 and S.18, ss.2), that the ascertainable "cultivation value" of "agricultural land," as the latter is defined in other statutes for local rating purposes, was to be exempt from tax. This so-called cultivation value was in turn defined as the value the land would have if a restriction had been imposed by law permanently prohibiting the use of the land for purposes other than agricultural.

Thus for such agricultural land, two valuations had to be made, namely the actual market value and the fictional cultivation value, so that the amount by which the actual land value exceeded the cultivation value was subject to tax. Far from all agricultural land being excluded, every part of it that had a superior value for housing and industrial purposes come under liability for the tax.

The objections to the "cultivation value" exemption, as being a violation of the whole principle of land value taxation, can be strongly argued. That was indicated by Snowden himself in his statement (H. of C., 4th May, 1931) when he actually invited an amendment deleting the exemption, saying he would be "very sympathetic to it."