

Before the next Budget perhaps Sir Stafford will think again. He has been congratulated on "the higher levels" for telling home truths to the masses; let him now tell some home truths to the "higher levels." If the artificial supply of American goods is to cease and increased armaments are to be provided the people cannot with justice be asked to maintain any monopolist or any unnecessary official; neither can any producer be asked to tolerate any burden upon production or any hindrance to his seeking the cheapest market in which to obtain the land, labour, capital or "raw material" for his industry. And if food subsidies are to be reduced or abolished it is imperative that the people should have full liberty to purchase food from whomsoever they desire.

The recent abolition of some controls, and the recent conferences on reduction of tariffs should enable the Chancellor to make definite moves in this direction. If one special interest objects to any withdrawal of its exclusive tariff and subsidy privileges, he could use this as an occasion to reduce and eventually abolish all tariffs and subsidies. The reduction of revenue from tariffs would be more than compensated by the reduction of expenditure on officials and subsidies; and the resultant increase of production would tend to cheapen retail goods and yield more for income tax in the aggregate while allowing the rate to be lowered. This is not merely theory; these were the results shown to follow the similar steps towards trade liberation taken by Great Britain in earlier times. And to stabilise the currency at its present internal value, and free its international rate would ensure that the balance of external trade reached the exact level most advantageous for the industry of the country as a whole. The gain of these measures to industry as a whole would more than counterbalance the loss to any industry of its special privileges. If in these circumstances any industry was found to be unprofitable it could safely be assumed to be redundant and its maintenance too great a burden upon the community.

At the same time, however, as he asked industrialists to forgo privilege, he could assure them of relief from the burden of rates and of much of the taxation they at present suffer. Every industrialist and every other person who occupies land could be, and should be, obliged to pay on the advantages of the site he occupies—these advantages accruing from the situation and activities of the community. But for the buildings and other work of man's hands it is both unjust and, at the present time especially, most inexpedient that he should be taxed. This would have a double advantage for a wise Chancellor. It would enable him to relieve industry of an immense burden which tends to cancel every increase of production, and it would enable him to tap a great source of wealth at present untouched—despite the specious and misleading claims for the Town and Country Planning Act. This Act, indeed, with its crippling "Development Charge" upon every extension of industrial development, needs to be completely redrafted if any progress is to be made. If Sir Stafford Cripps shirks this task it is difficult to see justification for any of the tributes paid to his courage respecting the present Budget.

To maintain all the expenditure of a Welfare State and to maintain private monopoly is obviously impossible. To abolish all monopoly would render the bulk of that expenditure unnecessary.

F. D. P.

THE LAND TAX OF 1692

IN his Budget Speech, April 6, Sir Stafford Cripps referred to the old 1692 Land Tax in these terms: "It is time that it was got rid of. It has long been redeemable, and 60 per cent. of the tax, which varies from 1d. to 1s. in the £ of annual value, has already been redeemed. What remains yields less than £600,000 a year to the Exchequer, from a total of 1,100,000 assessments. I propose, therefore, to make redemption compulsory when the property first changes hands, on sale or death, after April 1, 1950. There will be two exceptions. Where the annual charge is less than 10s., which is the case in 700,000 of the assessments, the tax will be abolished outright, at an annual cost of only £74,000 to the Exchequer. I further propose that, if the property charged passes on death but forms part of an estate below the Estate Duty exemption limit of £2,000, the redemption money shall not be chargeable."

The story of this Land Tax is told more fully than elsewhere in the late Joseph Edwards' *A Brief History of Landholding in England*. It begins in 1660, when the Convention Parliament debated the question whether, in view of the partial abolition of the feudal duties, an Excise duty should be imposed on beer and other liquors, or whether a right and proper equivalent for the feudal services should take the form of an annual rent-charge on lands bearing a fixed proportion to the true yearly value thereof. On November 21 of that year the motion to raise taxation by an Excise was carried with 151 voting in favour and 149 against. Thus by so small a majority as *two* was the entire future history of the kingdom changed. This Act completely altered the fundamental constitution of the kingdom. Previously the Government was a feudal monarchy, the public expenses both in peace and war being defrayed by the various feudatories, any deficiency being provided out of the public property vested in the King for the time being, and by taxes and subsidies on land and personal property granted by Parliament. The Act gave the feudatories a complete discharge from "the oppressive fruits and incidents" of their tenure. While discharging their obligations it confirmed their rights, and created the moral and legal anomaly of rights without obligations.

In 1692 came a tardy execution of justice in the imposition of the Land Tax which was regarded as a payment by the feudatories in lieu of their obligations under the Military tenures which had been abolished. Although it was called a "Land Tax" it was really a general property tax, and it also assessed personal property and income.

The important point, however, is that the tax (at 4s. in the £) was to be levied on the "true yearly value" of all manors, messuages, lands and tenements, quarries, mines, tithes and tolls, and an assessment was made to provide a basis for the tax. In 1697 the fixed sum of £1,484,015 1s. 11½d. was voted and ordered by Parliament, and since then no fresh valuation for the purpose of this tax has been made. From 1697 onwards to 1798 no increase was made in the amount levied although, naturally, the land and property values had enormously increased in the interval. In 1798 the amount was increased to £1,905,077, and was then made perpetual. The tax is based on the antiquated system of quotas from various parishes. Under the provisions for its redemption it has been largely extinguished, and now, as Sir Stafford has stated, it yields a net revenue of less than £600,000 a year. Meanwhile also personal property

had been allowed to escape assessment, and in 1833 personal estates were altogether exempted.

It is interesting to recall some of Richard Cobden's Anti-Corn Law speeches bearing on this subject. "Honourable Gentlemen," he said on December 17, 1845, "claimed the privilege of taxing our bread on account of their peculiar burdens in paying the highways rates and the tithes. Why, the land had borne those burdens before Corn Laws had been thought of. The only peculiar State burden borne by the land was the Land Tax, and I will undertake to show that the mode of levying that tax is fraudulent and evasive, and example of legislative partiality and injustice second only to the Corn Law itself. . . . For a period of 150 years after the Conquest, the whole of the revenue of the country was derived from the land. During the next 150 years it yielded nineteen-twentieths of the revenue—for the next century down to the reign of Richard III it was nine-tenths. During the next 70 years to the time of Mary it fell to about three-fourths. From that time to the end of the Commonwealth, land appeared to have yielded one-half the revenue. Down to the reign of Anne it was one-fourth. In the reign of George III it was one-sixth. For the first thirty years of his reign the land yielded one-seventh of the revenue. From 1793 to 1816 (during the period of the Land Tax), land contributed one-ninth. From which time to the present (1845) one twenty-fifth only of the revenue had been derived directly from land. Thus the land, which anciently paid the whole of taxation, paid now only a fraction, or one-twenty-fifth, notwithstanding the immense increase that had taken place in the value of the rentals.

"When I look into the question of the Land Tax," Richard Cobden continued, "from its origin to the present time, I am bound to exclaim that it exhibits an instance of selfish legislation secondary only in audacity to the Corn Law and provision monopolies. . . . It is a war on the pockets that is being carried on; and I hope to see societies formed calling upon the legislature to revalue the land, and put a taxation upon it . . . in proportion to the wants of the State. I hope I shall see petitions calling upon them to revalue the land, and that the agitation will go on collaterally with the agitation for the total and immediate repeal of the Corn Laws, and I shall contribute my mite for such a purpose. There must be a total abolition of all taxes upon food and we should raise at least £20,000,000 upon the land." [Notice that this was said in 1845.]

Richard Cobden's last speech was made at Rochdale on November 23, 1864. There he said: "If I were five-and-twenty, or thirty, instead of, unhappily, twice that number of years, I would take Adam Smith in hand—I would not go beyond him, I would have no politics in it—I would take Adam Smith in hand, and I would have a League for Free Trade in Land, just as we had a League for Free Trade in Corn . . . and if you can apply Free Trade to Land and to Labour, too—that is by getting rid of those abominable restrictions in your Parish settlements and the like—then, I say the men who do that will have done for England probably more than we have been able to do by making Free Trade in Corn."

The Free Trade question is the Land Question. Would that all Free Traders who have reverence for Richard Cobden and his work would but speak his language. There would be no question of a speedy triumph for Free Trade with that liberation from monopoly and privilege which alone can rescue civilisation from its present desperate state.

A. W. M.

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