

OUR NATIONAL FINANCES

Revenue Expenditure and the Budget*

On 31st March the *National Debt* stood at £7,822,330,000 of which £897,534,000 was owing to the United States of America.

In the year 1933-34 the *National Revenue* was £750,079,000 including the "Road Fund," which is the yield of taxes on motor vehicles; and including the net receipts of the Post Office which are virtually indirect taxation derived from a State monopoly.

Of this revenue £1,230,000 has come from Crown lands, £4,655,000 from sundry loans and £22,103,000 from miscellaneous receipts. The rest (£722,061,000) was revenue from taxation.

The *Expenditure* was £718,931,000 leaving a surplus of £31,148,000 which was placed to the service of the National Debt. The annual service of the American Debt was not made and there is no provision for that in this year's Budget.

The *Cost of Collecting the Taxes*, the expenditure incurred on the Inland Revenue and Customs and Excise Departments was £12,145,000.

"Direct" and "Indirect." The revenue included £281,522,000 from income and super tax; £85,270,000 from estate duties; £286,177,000 from customs and excise; £30,712,000 from duties on motor vehicles and £22,710,000 from stamp duties. Treating the motor duties, the stamp duties and the Post Office profit as "indirect taxation" along with customs and excise, the indirect taxes made up 49 per cent of the total tax revenue.

Motor Transport was taxed to the tune of £71,147,000 through the petrol duty (£40,435,000) and the duties on motor vehicles, as above. It is universally admitted that better and quicker transport, and the maintenance and improvement of roads (paid for out of the "road fund") are mirrored in land values. This huge annual tax on commerce is an equally huge annual endowment to the landowners.

Treasury Subventions.—Local authorities had assistance from the Treasury to "keep down the rates," and get moneys for various services which could be met out of the rates if local authorities were not so "poor," or would not be necessary if the poverty and unemployment among their inhabitants were not so rampant. Including among these subventions not only the grants for "derating" but also the education grants, housing subsidies, health services and police, the amount given during the year to the local authorities was £120,848,000. The local authorities have to get this assistance because of the bankruptcy of the present rating system and because they are not permitted to tap the immense fund of land values in their midst. If land values were fully rated there would be no lack of revenue; but more important is the economic effect of so tackling the land monopoly and relieving houses and other improvements from taxation. There would be little poverty or unemployment then to subsidize. As it is, these Treasury grants result merely in doles to local landowners, keeping up the rents and prices of land in the measure that they "keep rates down."

Local Taxation.—The rates collected by the local authorities in 1933-34 amounted to £147,700,000 in England and Wales and £18,453,000 in Scotland.

THE BUDGET FOR 1934-35

Mr Chamberlain estimated a surplus of £29,100,000 for 1934-35 on the basis of existing taxation. This he proposes to use by reducing the standard rate of income tax from 5s to 4s 6d in the £, making a "gift" to the income tax payers of £20,500,000 in the financial year and £24,000,000 in a full year; and motor vehicle duties are to be reduced by 25 per cent. On the expenditure side, the transitional payments in connection with the "means test" will be increased as from 1st July at a cost this year of £3,600,000 to the Exchequer; and restoration of half the cuts (made in 1931) in salaries of civil servants and others will cost this year £4,000,000. The rates of unemployment benefit will also be restored but that expenditure falls on the Unemployment Fund which was increased by increasing (since 1931) the contributions of employer and employee.

* *Vide* the White Paper "Financial Statement" issued on Budget Day, 17th April.

The income tax concession is so made that by reduction of the rate of tax (without restoring the personal allowances to what they were prior to 1931) the small taxpayer gets relatively little benefit and the big taxpayer gets relatively very much; the latter is brought back almost to the position he held prior to 1931 while the former is left bearing a much heavier burden than he did then. The tariff taxation which has been piled on consumers since 1931 remain.

SHIFTING THE BURDEN

The tax revenue (apart from Crown lands, receipts from loans and miscellaneous) is now estimated at £702,255,000 for a full year. The amount to be got by "indirect taxation," as it is defined above, will be £358,255,000. In 1930-31 before the new tariff policy was embarked upon indirect taxation made 43 per cent of the total tax revenue. By the present Budget the proportion becomes just 50 per cent.

The terms direct and indirect taxation are here used in deference to a customary classification but there is no economic distinction. Every tax whether "direct or indirect" is wrong and unnecessary which falls upon trade, industry and the work of the individual. The only tax that cannot be shifted, the only tax that provides what is truly the public revenue is that levied on the value of land apart from buildings and improvements. A.W.M.

THE BUDGET AND LAND VALUATION

By D. J. J. Owen

The Chancellor's Budget surplus this year creates for him an embarrassment of riches. However he solves his problem of distribution, one thing is made clear by the present position of the public finances. There is no longer any excuse for holding up the valuation of land as provided for in the Act of Parliament which received the Royal Assent in 1931. The cost of the valuation was to be about £1,000,000, spread over two or three years. The plea of economy even in 1931 was pretty thin in view of the rich revenue-bearing prospects of this Measure. With a surplus of over £30,000,000 this year and a further huge sum next year, there is now not the least justification for not carrying out the will of Parliament. The merits of the Measure have been thrashed out in debate and the only question now is the implementing of the Act. The Government are under an obligation to provide the funds for the valuation, and they could do it without affecting the increase in the children's allowance, the restoration of dole cuts and other reliefs called for so urgently. It is in the interests of just these poorest and the unemployed that the valuation and taxation of land values should be effected. Only thus can the resources of the country be made available on easy terms, and schemes for housing, reclamation and development be made feasible and economic. The excuse for not fulfilling the law is now taken out of the mouth of the Government.—In the *New Statesman*, 14th April.

A RESULT OF THE BACON RAMP

The Editor, *Land & Liberty*.

SIR,—The rise in the price of bacon has led to an enormously decreased consumption of the cheaper bacons (see recent report of The Home and Colonial Stores) and to reduced trade in slicing machines. I have a friend who sells the Berkel and the low prices of bacon were bringing orders for cutting machines galore. Many cheap butchers were putting in bacon machines and selling cheap bacon. Now all these people are wanting to sell their machines as their trade has stopped. One man who had ordered 10 cancelled seven of them. They are about £70 each. By indirectly thus robbing Peter to pay Paul and then taxing Paul up to the hilt the Government can show a surplus in the Budget and starvation in the offing caused by the rise in prices without a rise in earnings. Why must people always revolt before their leaders will listen to reason? That lesson runs through history—ours too.

Yours, etc., E. A. LASSEN.