

LAND & LIBERTY

Published by THE UNITED COMMITTEE FOR THE
TAXATION OF LAND VALUES.

Thirtieth Year. Established June, 1894.

3d. Monthly. By Post 4s. per annum.

United States and Canada, 1 Dollar.

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THE BUDGET

The financial year has ended with an actual surplus of over £48,000,000 which has been used to reduce national debt. Having made up his Budget for the coming year, Mr. Snowden found he had a prospective surplus of £38,000,000 on the basis of last year's taxation and has been able to propose reductions and remissions that are universally acclaimed for the substantial relief they give to wages, trade and industry.

Annual taxation amounting to £25,000,000 on foodstuffs will be swept away. The Inhabited House Duty and the Corporation Profits Tax will be repealed. The Free Trade verdict of the country at the last General Election finds expression in the removal of the protectionist duties on motor cars, motor cycles, cinema films, musical instruments, clocks and watches. These duties are known by the name of their author, Mr. McKenna, Chancellor of the Exchequer in 1915, who, although a reputed Free Trader, sought by tariffs to stop imports and so not only raise the rate of exchange and penalize luxuries but also save space in ships when it was scarce. He proposed to apply the tariff also to plate-glass and hats but did not succeed.

The multifold reasons given at the time for the "McKenna" duties have long been proved absurd. The duties were frankly protectionist and were gladly welcomed by the interests, who want nothing so much as special privilege to exploit the consumer. They could have lapsed automatically on 1st May but the Government have given a period of three months' grace by naming 1st August as the date of expiration. That should be the limit of concession to the interests concerned, who are meantime demonstrating with all their organized forces in favour of retaining the tariff. Incidentally it may be remarked that Part II. of the Safeguarding of Industries Act also lapses in August and the Government have determined not to renew it. We are thus regaining, although only too slowly, the ground lost to Free Trade during the war. Protection has received a further blow in the frank repudiation of Imperial Preference. As Mr. Snowden has said, the result of the appeal to the electorate is well known and obviously it cannot be ignored.

The Budget has achieved something in the right direction. A surplus could not have been used to better purpose than to reduce the cost of living by remitting indirect taxation, and benefit production by getting rid of such indefensible burdens as the Inhabited House Duty and the

Corporation Profits Tax. With justifiable pride, Mr. Snowden referred to his proposals as the greatest step ever taken towards the cherished Radical ideal of the free breakfast table. Yet it must be borne in mind that this step has been made possible largely by accident. It was not designed. The Government have inherited a fortuitous surplus produced by all kinds of taxes no less harmful or wrong than the imposts they mean to reduce or abolish; but there is something deceptive in a surplus manufactured in that way.

The complement of the free breakfast table policy has in fact not been attained. The £25,000,000 taken off food and the other remissions should have been placed on land values, leaving an equivalent amount to be devoted in any case to the relief of industry and improvements now penalized by all the oppressive taxes Mr. Snowden has to re-impose this year. Fiscal and financial reform on these lines was the real aspiration behind the "Radical ideal" which without the Taxation of Land Values can bring but temporary benefits to the mass of working people. We have really done nothing to improve the condition of labour if we have failed to impose taxation so as to derive public revenues from the value attaching to land apart from improvements and prevent the holding of land out of use. Short of that, the fundamental cause of unemployment, bad housing and other economic troubles remains undisturbed and prosperity will be permanently out of reach of the many. Something of the kind will be apparent to the members of Trade Unions whose wages are regulated by the "cost of living index." It will seem to them when the time comes for adjustment that they have somehow been defrauded of the cheaper tea and sugar they at first hailed with so much satisfaction. As for the unemployed man seeking a job, will he not be forced to accept so much less in money payment than heretofore? And what will happen in the case of that tax on the occupier which is now abolished, the Inhabited House Duty, especially where rents are inclusive of rates and taxes? It is apparent that the remission will sooner or later pass out of the hands of the tenant into the hands of the house-owner, and ultimately benefit the landlord.

These things are not said in a spirit of captious criticism nor is there anything original about them. They are common to all progressive thought and have been the theme of convincing argument on countless Labour and Liberal platforms. Mr. Snowden in his Budget speech himself has capped his previous emphatic declarations on the urgency of Land Value Taxation with the significant statement that the Government attach the greatest importance to the question from the point of view of unemployment, housing and other reforms.

The manifest defect of an otherwise excellent Budget is its failure to levy a tax on land values. We still see no reason for the omission. The Government have the backing of a decisive majority in the House of Commons in favour of the Taxation of Land Values and have been urged by a most representative deputation from both Labour and Liberal Parties to make use of this year's opportunity; but apparently Ministers have only begun to consider how to proceed with the necessary legislation. They are to be held responsible for

the postponement of the reform which as they have so readily acknowledged counts for very much as a remedy for unemployment and house famine.

In the matter of land valuation there is further disappointment. Mr. Snowden said with regret that he could not include in the Finance Bill the provisions, repealed last year, requiring that particulars of land sales and land leases shall be registered by the Valuation Department. He had been advised that a clause to that effect would be out of order in the Finance Bill for the year, presumably because it makes proposals that fail to come within the scope of a Money-Bill as defined by the Parliament Act. The advice is, of course, given on high authority and must be accepted much as it is to be deplored, but it stands in strange contrast with the admission into last year's Finance Bill of the clause that stripped the Department of the powers it is now sought to restore. How is it that what was removed in one Finance Bill cannot be replaced in another? It is difficult for the layman to understand these decisions. The impasse could have been and should have been avoided by levying a tax on land values in this Budget and associating everything else with it that is required to affect valuation and the proper functioning of the Department.

There remains the alternative of the separate Bill promised by Mr. Snowden for re-equipping the Department with its powers to register the transactions in land. We trust the Government will at once produce this Bill. If the House of Lords puts obstacles in the way they will make the issue even better than Mr. Snowden can, and will recruit new and powerful agencies to enforce this necessary legislation.

For the rest, Mr. Snowden's speech offers much encouragement and prompts a number of questions that will no doubt be raised and answered in the debates. "The necessary preliminary work has already been begun and will be carried on without delay. . . . Inquiries are being made into the adequacy of the Valuation Department for the work it is proposed and it is hoped will be imposed on it by a new valuation." This statement is an earnest of the Government's determination to make all possible headway, and for the sake of that we would like to share Mr. Ramsay MacDonald's optimistic view that there need be no General Election for the next two or three years.

The independent status of the Valuation Department is a point that we hope will be taken up in due season. Mr. Snowden insisted that the Department should be under the control of the Board of Inland Revenue. We wholly disagree. The two functions of valuation or assessment on the one hand and tax collection on the other hand are so distinct that they should be entirely separated. It is not in the public interest that one should be allowed or should even seem to influence the other. As long as the valuer is a subordinate of the tax official his work will be suspect in the sight of the taxpayer; it was due to that fact that the Valuation Department suffered much harsh and unjust criticism in the period of 1910 to 1914. The business of valuers is to value, and if they were independent they could say to the taxpayer they had nothing to do with taxation, they had only to ascertain the fair market value of the land. The

tax department itself, the Board of Inland Revenue, would be in a stronger position if they had no power to upset valuers' figures and could say to appellants against the tax that they were only being charged at the statutory rate on the valuations made by an independent authority to whom they must apply on questions of valuation. In all respects it is most desirable to separate these two functions. That step has been taken in other countries after considerable experience in the working of Land Value Taxation and is essential if the valuation of land is to be made without friction and established on a sound and agreed basis.

The most satisfactory thing Mr. Snowden had to say about the Government's intentions was the assurance that the proposals when submitted to Parliament would be thorough, well thought out and as simple as possible. It is for the Land Values Group to give all the direction at their command in this very special and important work and do what is in their power to see that the purpose of the Government is attained. In their Memorandum submitted to Mr. Snowden on 26th March, they have already given shape to the necessary legislation with simple and practicable proposals in which they call for a uniform national tax on the present market price of land apart from improvements, the revenue from the tax to be used in relief of taxation on trade and industry; the valuation to ascertain only the value of land, to be open to public inspection, and to be adopted afterwards as the basis for local rates on land values.

The principle and policy have been set forth with admirable clearness and there should be no difficulty in filling in the details. The Land Values Group have established their case. They know what they want and how to obtain it. They have fully explored the ground in the light of past experience, and with the information they have got from lessons here and elsewhere, they are well entitled to be consulted by this or any Government in framing any Bill calculated to give effect to the policy.

A. W. M.

The Addison scheme enabled local authorities to build and put the cost (over a certain amount) on the Exchequer. The State in consequence is saddled with eight million a year for many decades for the Addison houses. Then the Coalition swept all this away, and gave subsidies to private builders who built any houses. Then the Mond scheme swept away (on the grounds of economy) all previous efforts and left half-developed estates completely derelict. Then the Chamberlain scheme swept away all previous efforts and enabled a limited number of houses (remote from the number of those needed) to be built mainly to sell to those who can afford to buy.—*C. F. G. Masterman, M.P., in the WESTMINSTER GAZETTE, 25th April.*

And now comes Mr. Wheatley with a scheme on behalf of the Labour Government adding another chapter to their record of futilities. He can only suggest some other way of spending public money to build houses at a loss; but as he is likely to be more extravagant than any of his predecessors in that direction the greatest disaster of all awaits him. Any housing policy that ignores the Taxation of Land Values and the untaxing of houses is doomed to failure.

You ought to have "LAND VALUE POLICY," by J. Dundas White, LL.D. Price 2s.; post free, 2s. 6d. (See Advertisement on back page.)