

WHAT IS THE LIBERAL LAND POLICY ?

At the annual meeting of the National Liberal Federation, held at Brighton 22nd May, 1924, it was resolved that:—

This Council of the National Liberal Federation believes that the Taxation of Land Values, coupled with the reduction of rates and taxes on improvements, would discourage the withholding of land from use, and would stimulate the use for which it is most suited economically. This reform would reduce the handicap under which small holdings labour, and would have beneficial effects on agriculture and horticulture, and consequently on the economic position of the agricultural labourer.

It would prevent excessive prices being demanded for building sites, and for the raw materials required for building, and this, together with the reduced rates on finished structures, would materially assist in solving the housing problem.

The Council considers that this reform is an essential first step in the solution of these and other social problems, and that it should occupy a foremost place in the Liberal programme.

This was simply the reaffirmation of the policy that has been proclaimed by the National Liberal Federation and expounded on countless Liberal platforms for years.

Election Manifestos

But such resolutions and declarations cease to be regarded as expressing the official Liberal attitude to the Taxation of Land Values, if the Liberal Party is to be held bound by the Manifestos of 1923 and 1924, both jointly signed by Mr. Asquith and Mr. Lloyd George. For these Manifestos were wholly at variance with the accepted—or, at any rate, every previously professed—official Liberal view in favour of the Taxation of Land Values.

In their 1923 Election Manifesto, Mr. Asquith and Mr. Lloyd George proposed peasant proprietorship—that is to say, a scheme for enabling farmers to buy their land with the help of public money. A brief reference to Land Values confined the subject to local rating. Previous Liberal declarations demanding a national tax on Land Values were forgotten.

In 1924, within a year, land purchase for farmers was dropped, and its place was taken by what is called "cultivating ownership," a scheme by which farmers were to be State tenants, enjoying the benefit of rent restriction at the cost of landlords, and were to be subject to eviction if, in the opinion of local experts, they did not farm properly. The most preposterous proposal of all was that where farmers had bought land at a high price (in the boom promoted by Mr. Lloyd George's Corn Production Act) the State should buy back the land at the price paid for it, and then lease the land to the same farmer at a lower rent!

The 1924 Manifesto, like that of 1923, put agricultural land and urban land in separate compartments. The 1923 Manifesto, at least, stood for the rating of "urban" land values. In the 1924 Manifesto the urban policy is land courts, leasehold enfranchisement, municipal land purchase and increment taxation. And so the Taxation of Land Values, whether applied locally or nationally, or to town or to country land, has been wholly excluded from Mr. Asquith's and Mr. Lloyd George's latest version of Liberal land policy.

Explanatory Leaflets

The Liberal Publication Department elaborated the land policy of the 1924 Manifesto in two special leaflets issued during the election. "To all who live on the land" and "To all who live in towns and cities." The

abandonment of the Taxation of Land Values is best seen by a consideration of the "town and city" leaflet. The argument begins with a well-placed attack on land monopoly, but fizzles out, like its prototype at Limehouse, in utterly ridiculous and mischievous proposals. The leaflet declares:—

Our towns have grown up without foresight or control in a blind struggle against the land monopoly. . . . Overcrowding, cramped workshops, congested streets, and lack of playgrounds are not the result of private enterprise. They are largely the result of allowing private owners of land to cramp both private and public enterprise by withholding land from use, and selling it, yard by yard, at exorbitant prices.

The high land value of town land has been created not by the landowners, but by the activity of the people of the town as a whole. Yet the towns, by high rates and increased cost of living, are compelled to pay for the values they themselves have made. . . . Values created by the use of land for all purposes should go to the community, and, primarily, to the towns which directly produce them. Contributions to local expenditure must be made by landowners on the basis of the actual present value of their land. The continuance of a rise in land values is, however, against public interest. The present value of land within the area of urban influence must be stabilized, and all future increments of value must be received by the towns.

But only actual ownership of their land can give towns full freedom to develop as they should. Towns must, therefore, have power to buy at a price, not greater than its present value, all land likely to be required in the future for housing, open spaces and other purposes connected with the health and welfare of their population. . . .

Land which, by the work and expenditure of others than its owners, is given a value higher than its agricultural value, will be regarded as land of urban value, and scheduled in order that a proper share of its increased value shall fall to those who make it.

Only an Increment Tax

Notice the adroit handling of the slogan that "contributions must be made by landowners on the basis of the actual present value of their land." At first sight, this looks like a rate on land values, but it is not; for what are, in fact, the "contributions" the landowners are expected to make? The present value of the land is to be "stabilized," and all future increments are to be received by the towns. In so many words, we have here a proposal for nothing but increment taxation.

It is not possible to read into this leaflet that a rate or a tax is proposed, levied on the value of land whether the land is used or not, and apart from improvements. On the contrary, "the evils of town life, the result of allowing private owners of land to hold up growing towns by withholding land and selling it yard by yard at exorbitant prices," are to be remedied by using public money to buy out the monopolists and to purchase *all of their land* that is likely to be required in the future for housing, open spaces and other purposes. It is also made clear that agricultural land is to be exempt from *any kind* of land value taxation. The authors of the leaflet and sponsors of its policy aim deliberately to get on the side of land monopoly at the expense of the best interests of the country, and wish to gag the word that Liberalism would utter in behalf of a settlement of the land question by applying the just and beneficent principle of land value taxation and relief of improvements to *all* land without distinction or discrimination.

Liberal Protests

How comes it that the Liberal Publication Department has lent its name and authority to this imposture,

this substitution of a make-belief that it has itself most severely condemned? Its journal, *THE LIBERAL MAGAZINE*, as late as June, 1924, criticised Mr. Snowden for a careless reference to "the unearned increment on land," and protested:—

The expression, "unearned increment on land," is a little disturbing. If it is to be taken as a studied expression, it indicates a tax on the amount by which land has increased in value between the time when it was acquired by a given individual and the time when it passes out of his hands either by death or by sale. A tax of this kind is full of trouble; and let it be said quite plainly that it has no connection whatever with the Taxation of Land Values. . . . Neither the financial nor the economic and industrial benefits of land values taxation will be realized until we have one or both of two things: (1) A uniform tax on the capital site value of all the land of the country; (2) a transference of the assessment for local rates from the composite value of land and buildings to the site value of the land alone. That word, "increment," is best avoided. It has unfortunate associations.

The same view is stated in the Department's leaflet No. 2,611, which was used largely at the 1922 Election, and is still in circulation. Here the resolutions adopted in 1921 by the National Liberal Federation are explained. It is asserted that a uniform national tax on the site value of the whole country, and local rates levied on land values in substitution for existing rates, is a "genuine land values policy" not to be confused with the 1909 Budget duties, which were not land value taxes at all. This "genuine land values policy" was still more fully illustrated in the "Notes for Speakers," published by the Department for use in the Liberal autumn campaign of 1923.

"Don't Let us Commit Ourselves"

For each Election in 1923 and 1924 a brand-new and specific agricultural policy was produced. Mr. Lloyd George's speech at Shrewsbury to the Welsh Liberals on 20th September last helps to explain how the peasant proprietorship of 1923 was quietly removed from the programme. He said that Scottish Liberals have refused to approve the idea, and with their refusal, Mr. Asquith agreed. Therefore, it was not advisable for the meeting to commit itself to land purchase for farmers. They ought to have a resolution "which did not commit them at that stage to any particular line," but left them free to adopt the most promising course in the future! ("These are my views, gentlemen, on the land question, and if they don't suit, they can be altered!") Meanwhile, a Rural Policy Committee set up by Mr. Lloyd George had been busy, and in October the Liberal Election Manifesto was launched with its extraordinary scheme of "cultivating ownership" taking the place of the peasant proprietary.

Statements that do not Agree

Mr. Asquith was canvassed by the United Committee for his replies to five set questions, which had been put to all candidates, Liberal and Labour, at the recent election. He answered by sending his Election Address, and stating in a letter that his attitude was in no way changed from that which he had expressed on the public platform and in the Liberal Manifestos during the last two years.

The difficulty is to reconcile the Manifestos one with the other, or with Mr. Asquith's Election Address or with his earlier speeches on the platform. That is evident enough from what we have already said about the Manifestos. As for the speeches referred to they are on record making perfectly definite and uncompromising declarations in favour of the Taxation of Land Values,

both for local and national purposes, and applied in both town and country. But the 1924 Election Address to the electors of Paisley says it is the aim of the Liberal Party "to secure *in urban areas* free development, among other means, by the rating of land values." The italics are ours. Agriculture is no longer offered the beneficent effects of the Liberal leader's "two potent promoters of industry and progress," and what has happened to the view expressed at Buxton on 1st June, 1923, that "as far as practicable, *local and national taxes* which are necessary for the public revenue should fall on the public-created value rather than on that which is the product of individual enterprise and industry"?

The shuffling and the quibbling that have led to the departure from this radical attitude are obvious enough. Who is responsible is another question, and that is for Liberals themselves to answer. While they count their losses at the General Election, and consider the causes of the debacle, let them look at the way the leaders have played fast and loose with the land question, and try to assess the consequent damage to their party. A. W. M.

THE LAND UNION ON THE LIBERAL LAND POLICY

(From the *LAND UNION JOURNAL*, November, 1924.)

The Labour Party declared in favour of the Taxation of Land Values, this having been for some considerable time a definite plank in their policy, and the Liberal Party also declared in favour of a similar scheme. We wish for one moment, however, to refer to the Liberal scheme as embodied in the famous Land Programme, for which Mr. Lloyd George was chiefly responsible. May we here remark that the proposal for the Taxation of Land Values, as advocated by Mr. Henry George, and now the policy of the United Committee for the Taxation of Land Values, is a scheme which, although wholly theoretical, is intelligible, and we understand that the Labour Party very largely, if not entirely, adopts this scheme. The Liberal policy, however, as enunciated in the "Land Manifesto," is, we must confess, wholly unintelligible, and how it is supposed to work out in practice we are quite unable to understand. There is to be Taxation of Land Values in towns, but as regards all agricultural land, this is to be owned by the State, and rent is to be paid to the dispossessed owners, and the land is then to be let to farmers who farm in accordance with State regulations, and these persons are to be granted what is known as "cultivating ownership." As this land would be owned by the State, it can be assumed that the State would be exempt from any form of taxation or rate levied on land value, for it would hardly be just to demand that such cultivating owner should pay a land value tax for not developing his land, when he was only allowed to occupy it as long as he kept it under cultivation. From this we conclude that all land used for agricultural purposes is to come outside the scheme for the Taxation of Land Values. Now let us assume that land held by a cultivating owner, and used for husbandry, has a higher value for some other purpose. As long as this land was occupied by the cultivating owner, it seems obvious, for reasons stated above, that no tax on land value would be paid thereon, and, therefore, for all intents and purposes, it would remain exempt. Such a policy, looked at from the point of view of the followers of Mr. Henry George and the United Committee, appears to us to be utterly futile, and to be entirely opposed to any scheme which the Land Taxers, as they are generally called, have ever supported.