

LET US TALK TAXATION

A SURPRISING feature of political life and of the General Election has been the almost complete absence of reference to the subject of taxation. Some talk, perhaps, of taxes in general and in abstract, but not of particular taxes on particular articles and paid by particular individuals. It was Winston Churchill who said as long ago as 1903 that Governments could only give what they had first taken away. The function of government as a dispenser of social benefits has entirely obscured the activity of government in "taking away" by taxation, and has led to the delusion that the taxing power of any government is a bottomless purse about which we need not be in the least concerned. But there is such a thing as "killing the goose that lays the golden eggs," and political common sense would ask sometimes how far can the government go in piling tax upon tax and in expecting the people to pay without question or demur. Henry George's great idea was to abolish all taxation save that upon land values. If the political parties knew it, the idea of reducing the taxes upon the people is one of the best vote-catching devices they could desire, but our orthodox Labour and Liberal candidates seem to have minds above such mundane things as taxes on tea, on wheat, on iron and steel, and on houses.

The ordinary working man or woman is a consumer as well as a producer. On all the commodities he buys the worker had to pay a number of different taxes. A glance at *Lloyd's Import Duties List*, current issue No. 66, June 30, 1945, will show an index of about twenty pages, containing long lists of the articles subject to import and other duties. They are roughly under four heads: the Miscellaneous Duties, such as those on beer, sugar, silk, etc.; those under the Safeguarding of Industries Act, 1921 (the "Key" Industries); the Import Duties under the Act of 1932, the basic rate of duty being 10 per cent. *ad valorem*; and the Ottawa Agreement additional duties of 1932.

During Mr. Mitchell's campaign in Batley and Morley, a leaflet was published by him giving some of the details of selected items from these Import Duties lists. The leaflet states "We used to be a Free Trade country; now we have heavy tariffs. Do you know what they are? Do you wonder that houses are dear? Look at these figures:

| Manufactures of Iron and Steel | Tax |
|--------------------------------|-------------|
| Woodwork | 33½ and 50% |
| Doors | 15% |
| Hardwood Floors | 20% |
| Baths | 20% |
| Stoves and Grates | 20% |
| Metal Doors and Window Frames | 15% |
| Roofing Slates and Tiles | 15% |
| Drain Pipes | 20% |

"Now Look at these Food Taxes":

| | |
|-------------------------|----------------------|
| Condensed Milk | 10% and 5s. per cwt. |
| Honey | 7s. per cwt. |
| Oatmeal | 7s. 6d. per cwt. |
| Beef and Veal (Chilled) | 3d. per lb. |
| Cheese | 15% |

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|----------------------------|-----------------------------|
| Wheat | 2s. per 480 lb. |
| Apples | 4s. 6d. per cwt. |
| Bananas (have we any?) | 2s. 6d. per cwt. |
| Poultry | 3d. per lb. |
| Tinned Vegetables | 20% |
| Potatoes | from 4s. 8d. to £2 per cwt. |
| Cauliflowers | 3s. to 4s. per cwt. |
| and many other Food Taxes. | |

"Now Look at what you use in the Home":

| | |
|--|------|
| Clocks and Watches | 20% |
| Toys | 15% |
| Umbrellas | 20% |
| Linoleum | 20% |
| Baskets | 30% |
| Brooms and Brushes | 20% |
| Silk or Artificial Silk Wearing Apparel | 43½% |
| Silk or Artificial Silk Bed Covers, etc. | 43½% |
| Hot Water Bottles | 20% |

"Now you can see why things are so dear. Once we had none of these impositions. We had Free Trade then."

The above was one of the most effective electioneering leaflets. But there is much that ought to be added that could not be put on a small leaflet. The above are only a few impositions picked at random. Their cumulative effect should be noted. Take doors, for example. The smallest house, temporary or permanent, may require ten or more doors, on each of which there is a tax of 20 per cent., for the price of home-made doors will be raised to equal the cost of imported doors. And so on with every article that goes to make a house. Then when people are at last in a house they find the same taxation system pressing on the food they eat, making it less in quantity and quality for a given amount spent. And if they have any money left for clothes, they will be taxed on their clothing like the food. It is elementary to point out that most of these taxes are levied at the source, and the importer requires his profit on the amount of the tax, and so will the wholesaler, and finally the retailer will have to charge a price that covers not only the original tax but a percentage on the capital advanced at every stage of these exchanges, until the ultimate consumer is paying far more than the original 20 or 30 per cent. This would be bad enough on one article of necessity or comfort. But we have to try to see this blight covering every article of food and every article of clothing and every part of the house of a poor man's home. Imagine the thousands of Old Age Pensioners, for instance, carrying these burdens on their fixed incomes.

But we have only got part of the story so far. There is the Purchase Tax of one-third of the price to be added to most of these articles. Then we have the lower reaches of Income Tax which catch many of the lowest-paid workers in the net, and in a manner, under the new Pay as You Earn system, which causes the maximum of exasperation, and puts a premium on absenteeism according to some accounts.

With all this "taking away" the government has not finished dipping into the

people's purses. There are the "Social Service" payments. Health Insurance, Unemployment Insurance, Old Age payments totalling about 2s. 6d. per week, and if the Government's White Paper policy is carried out the threat is to take 3s. 10d. per week to cover these insurances. In a family of two or three workers this is going to be a serious burden, whatever they may expect to get out of it.

To the burdens of national taxation must be added that of local taxation. The rates fall most heavily on the smallest houses. They constitute another tax of approximately 33½ per cent. in most local areas. These rates are rising rapidly in all towns, with the new demands for housing and education. If the Government try to alleviate the distress of the municipalities with doles in the shape of subsidies, these can only be financed in the long run from national taxation.

Two burning questions are the increasing of Exports, and the fate of Agriculture. We have Import Duties on Motor Cars, Cycles, etc., of 33½ per cent., and on Iron and Steel of from £2 to £3 per ton, and on Typewriters of £1 5s. to £3 10s. per machine. How this kind of legislation is going to help home production and export it is hard to see. As for farmers and agricultural workers, how many of them know that on their tools, such as Forks, Shovels, Spades, Scythes, Sickles, etc., there is the Import duty of 15 per cent.?

Enough has been said, with these random examples, to show the need for a fresh ventilation of the question of taxation. If there were no alternative we should no doubt have to grin and bear it. But an increasing number of people are not satisfied, and they believe the alternative exists, and they are getting to know that it consists in transferring the public burden on to the publicly created land value fund, and thus relieving the people of this crushing mass of impositions which touch them at every turn and in every corner of their lives.

D.J.J.O.

A correspondent writes: "While the Election shake-up will open new doors for the truth as we see it, at the same time it will impose a severe strain on your finances for cost of printing, travelling, etc. To help in this matter, I enclose cheque for £20 and hope it will prompt other members and readers of 'L. & L.' to follow suit."

We are grateful to this correspondent for his exhortation. The expenditure incurred on publications and their circulation during the general election has not been inconsiderable. The funds of the Committee and the Leagues require replenishing and they should be supplemented largely to aid every persevering effort. The municipal elections in November give opportunity for an effective educational campaign which, advancing the case for Land Value Rating, is particularly inviting. On page 61 the Hon. Treasurer makes his appeal for financial support.

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