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THE BURDEN ON INDUSTRY

The discussion of the Government's proposals has revealed much that is sad and some things which are enlightening, but above all, it has exposed the objects of that class which once ruled and has grudgingly parted with its power. The party which twenty years ago claimed, through the mouth of its leader, to control the destinies of this country, whether in office or out of office, has yielded the last instalment of the franchise which has turned rule into government.

In economic matters they still seek to hold what they are pleased to call their own—namely, their right to burden industry and the fruits of industry with tolls and penalties. They are irretrievably committed to the principle—if it can be called a principle—of indirect taxation. Assessment papers have a nasty habit of reminding people of what they have to pay, or what they have paid. In self-governing times this produces a more awkward situation than in the days when the people had no option, but had to accept what came to them from their "betters" in social standing. Richard Cobden drew attention to the fact that people were cheated, bamboozled and swindled by methods of indirect taxation, and for a period in our political history it looked as if we were facing the other way. We had liberated trade, and we seemed on the way to liberate land. We even induced the present Chancellor of the Exchequer to abandon his reactionary associates, and to walk in our procession. But if he were "lost awhile" to the reactionaries, he has demonstrated since his return that he intends to show penitence for his lapse into the paths of rectitude, and now outbids his competitors by doing their work, while pretending to relieve industry of its burden of rates. He uses the watch-words of Radicalism while doing the bidding of Toryism.

The pretended relief of industry is a manoeuvre which need not deceive anybody who gives a slight

measure of consideration to the proposal. Industry and the fruits of industry are burdened with a weight of taxation equal to 25 per cent of the total national income. Out of every pound's worth of goods, a toll of five shillings has to be paid for permission to produce it under the protection (?) of a Tory Government. This is the modern interpretation of Professor Adam Smith's canon of taxation, "Ability to pay under the protection of the State." It seems more like compulsion to pay under the tyranny of a government which represents a minority of the people, and which is not due to render an account of its action until much of the harm has been accomplished.

Meantime the people are asked to shut their eyes to the effects of known natural laws, and to wait for a miracle happening in the autumn of the year 1929. They are to pay taxes through all the shops instead of the few selected shops such as those of the tea merchant, the tobacconist and the innkeeper, who now act as tax-gatherers for a consideration equal to the average rate of profit. In the past these agents of the Government have not contented themselves with a profit on the goods plus the net amount of the tax. Like good business people they have charged profit on the whole investment, including taxes, proving the contention that indirect taxation takes more out of the pocket of the taxpayer than it pays into the purse of the State. Mr Churchill thinks the innkeepers will not charge so much, since the breweries and distilleries are to get relief from the burden of the rates, and consequently will pass the relief on to the consumer through the medium of the shopkeeper. But as distributors are to be burdened in proportion as producers are relieved, it is not very clear how this is going to happen. In any case, we see that the Tory Government has marked down the distiller as a producer, and the bar-keeper as a distributor. They will have more difficulty when they come to a classification of these parties in other industries. The cobbler, we suppose, will be a producer in the back shop, getting relief from rates, and a distributor in the front, where he will pay the full amount. In the umbrella, tailoring, watch repairing and many other trades, the same rule will apply. In the bakehouse, the baker will be a producer, and in the front shop he will be a distributor. The people who are going to assess these varying interests and rateable values of portions of premises are the same people who attempt to delude voters into the belief that we cannot assess land apart from improvements.

We take careful note of Mr Churchill's admission that where rates are removed the consumer may expect to benefit. The Chancellor is careful to avoid the corollary that where rates or taxes are imposed the consumer may expect to pay. This is true not only of goods but of land values. We advocate land value taxation believing that the landholder, or landowner, who consumes land values will pay. It is the only rate or tax which adds nothing to the cost of production, or distribution, and which therefore cannot be passed on to the consumer or distributed over the entire community. In noting that point, we convict the Government

and the Chancellor of pretence and manœuvre. We see—by the incidence of taxation—that while the new taxes may aim at the agents, and the shopkeepers, they reach the whole community through the medium of the price tickets which will be increased to meet the new burdens on distribution. Needless to add, there is no provision for increasing employment. Neither increased natural agents come into play, nor increased purchasing power. The latter—namely, purchasing power—will be restricted to a lesser number of commodities. The shilling, which purchased two articles—one at tenpence and the other at twopence—will probably buy the larger-priced article at one shilling. It is worse than *Alice in Wonderland*, which promised jam to-morrow where there is none to-day. There is going to be no jam to-morrow. People will remark that the cost of living has risen. Trade Unionists will justifiably ask for an increase in money wages to meet the increased cost of commodities. People will talk of hard times and depressed trade, and clamour for a change of government, even if they fail to trace effects to causes.

The depressed trades will get no advantage that is not to be equally shared by trades which are not depressed. The Protectionist Tory had a fondness for spoon-feeding infant industries and those older industries which had passed the healthy stage and showed signs of decay. Our Free-Trade-cum-Protectionist Chancellor cannot even put forth that plausible plea. Bread, tobacco and beer are, in his view, equally deserving or undeserving. Those who manufacture them are to be encouraged by having taxes remitted, but those who dare to sell them are to be penalized by taxation, in order that they in turn shall penalize the people who wish to consume such commodities.

Householders are not to be relieved of rates. Those who build houses will be included among the distributors and not among the manufacturers. We suppose, on the other hand, that the ship builder who sells a ship is to be included among the manufacturers. Farm land, used or unused, improved or unimproved, is to be exempted; farmhouses, good, bad or indifferent are to be rated. The coal that the miner gets in lieu of wages is to escape rates, but the house in which he burns the coal is to pay rates. The fire-irons and cooking utensils are to have added costs in order that the coal may escape. A derelict building site, or one which is disfigured by an ugly hoarding or loose bricks is to escape. Where the hoarding is removed, and labour is employed to join one brick alongside, or on top, of another, till a house is built, the composite value of site and house is to receive the attention of the assessor and the rate-collector. Should the Chancellor be pushed for a logical explanation, we suggest the answer which he should give—namely, that even if the house builder is a manufacturer, which is left in doubt, there can be no doubt that owners of building sites are mere distributors. Such an answer would indicate the kind of distribution which ought to be taxed. It contains no element of manufacture, and what is taken with the right hand is not given back by the left as it should be.

As a financier, the present Chancellor shows

peculiarities not shown by his predecessors. He establishes precedents, he does not follow them. With his advent there comes into operation a new system of bookkeeping, by which deficits can be converted into surpluses. Other Chancellors budgeted for an income from taxes which either met or failed to meet their outgoings. Our present occupant of this important post can do better than that. He adds assets from the road fund, and the insurance funds, to his income, and calls it a surplus. He adjusts national and local taxation in such a way as to suit the transient purpose of a Tory annual statement. The road which passes through the village to serve the great towns beyond is charged to the village. The people maimed or ruined by the war are left as a charge on the parish. When these charges are noted on the assessment paper, and it is realized that local industries cannot carry them, the Government comes forward—not with a proposal to relieve these burdened industries but with a manœuvre in bookkeeping—with a substitution of indirect for direct taxation. Those industries—and worse than that, those monopolies—which do not need relief get the same advantage as deserving people who do need relief. They have not got it yet, of course, but they are to get it, if possible, too late for the community to detect the manœuvre.

Mr Churchill will not turn to rating and taxation of land values. His colleagues will not permit him, and his own views of that matter become unimportant. However, it is important to review his excuses. He has told us that Henry George failed. There are other sources of wealth than land. No particulars are given. Probably the Government or its Chancellor knows some human physical want other than food, shelter, fuel and clothing. Possibly he knows some source from which they can be drawn. We do not. It may not be wealth of which he was thinking; it may have been personal income. Obviously, the income of individuals is not all obtained from land values. A lot of it is got by methods which are much more easily reconciled with the Ten Commandments. Henry George accused alleged experts in the field of Political Economy of failing to define the object noun of their science—namely, "Wealth." Mr Churchill may be included amongst the failures in that particular field.

There is only one way by which individual enterprise and personal effort can be relieved from the burden of taxation. That way has been advocated by this Journal consistently since its initiation.

W. R.

OUR EDITOR

Mr John Paul has gratefully received the many kind messages from friends far and near, expressing the hope of speedy recovery from his illness. It is a happiness to report satisfactory progress and the prospect of an early return to the office. Meanwhile, at home, he has watched over the concerns of the Journal, and readers will take the appeal on page 141 as a word directed personally by him to them.—A. W. M.

The present issue of "Land & Liberty" is a double number covering the months July and August. The monthly issue will be resumed with our September number.