

## THE LABOUR PARTY AND LAND VALUE TAXATION

By A. Luckhurst Scott

(Continuing the reprint from "The Book of the Labour Party," Vol. II, Chap. XIX, instalments of which appeared in our issues of July, 1926, and August, 1927.)

During 1921, the Party held a Special Agricultural Conference, and issued its findings in a pamphlet entitled "The Labour Party and the Countryside," in which it was declared that "the whole value of land ought to be public revenue," and that it was desirable to institute "a carefully devised scheme for the rating and taxation of owners of land value. . . ."

The subject was now very much to the front, and at the Clayton bye-election, and at Leeds in the same year, Mr Arthur Henderson referred specially to the matter. Speaking at Cromer a few months later, he again dealt with the question in its relation to agriculture.

In the summer of 1922, a Labour Party Speakers' Handbook was issued, seven pages of which were devoted to a clear and complete statement of the case. The technicalities of the question were discussed, and examples were given of the exactions of landlords, which supplied plenty of powder and shot for prospective candidates. By December, the country was in the throes of a General Election, the Labour Party's Manifesto containing the following paragraph: "Taxation of Land Values will secure to the community socially-created wealth now diverted to private hands." At this election, Mr Arthur Henderson lost his Widnes seat, and in January, 1923, contested the Newcastle East bye-election, which he won with a majority of 4,384. During the progress of the campaign he made two lengthy speeches on the Land Question, dealing exhaustively with the matter in its relation to taxation, rating, housing, unemployment and industry.

In August, 1923, the United Committee for the Taxation of Land Values convened an International Conference in Oxford. Mr Arthur Henderson was invited by the United Committee to address the members, but being unable to accept the invitation, he sent a letter expressing his adhesion to the principle, and dealt with the relation of the Land Question to the social and economic problems with which the country was faced. The letter received a very extensive press, the *Morning Post* publishing it in full and devoting half a column of the leading article to criticism. The *Daily Telegraph* was equally interested, and drew attention to the letter in a full-column leader, and, in addition, published a lengthy criticism by its Agriculture Correspondent. It was clear that the landlords were up in arms against the suggestion that the Ark of the Covenant should be touched. The letter was also published in full in several Continental papers, and the *American Freeman*, a weekly journal of a Radical colour, made favourable comments in a special article.

In the summer of 1923 Mr Ramsay MacDonald, M.P., Chairman of the Parliamentary Labour Party, appointed a Committee "to consider and report upon what system of land ownership, taxation and rating would secure to the community the maximum benefits from the land." The members consisted of Mr W. Leach, M.P. (Chairman), Mr A. V. Alexander, M.P., Rt Hon. Noel Buxton, M.P., Mr George Dallas, Dr Hugh Dalton, M.P., Mr T. Mardy Jones, M.P., Miss S. Lawrence, L.C.C., Mr A. MacLaren, M.P., Mr R. Murray, M.P., the late Mr E. D. Morel, Prof. R. Richards, Mr Ben Riley, M.P., Miss Picton Turbervill, Mr R. B. Walker, Rt Hon. J. Wedgwood, D.S.O., M.P., with

Mr Arthur Greenwood, M.P., and Mrs Barbara Wootton, Joint Secretaries. The Committee held a large number of sittings, and took oral evidence from Mr A. W. Madsen representing the United Committee for the Taxation of Land Values, Mr Joseph Hyder representing the Land Nationalization Federation, and Mr R. L. Outhwaite of the Commonwealth League. In addition, two members of the Committee, Mr Robert Murray, M.P., and Colonel Josiah Wedgwood, D.S.O., M.P., also gave evidence. The Committee also discussed a considerable body of printed and written memoranda bearing upon the terms of reference. Unfortunately, the General Election of 1923 interrupted the deliberations of the Committee, but a Draft Report was hurriedly prepared and presented to Mr Ramsay MacDonald. A summary of the principal recommendations was appended which afterwards formed the basis for the Land Policy Section in the "Notes for Speakers" issued during the Election Campaign. The recommendations included the re-establishment of the Land Valuation Department, which had been scrapped by the Baldwin Government in 1923, and a demand that a national land valuation be put in hand at once. It was further recommended that a national flat rate land tax be imposed at the outset at the rate of one penny in the pound on the full unimproved capital value of all land, and that local authorities should be given the power to levy a local flat rate on all land values within their areas. Provision was also made for the purchase of land by national and local public authorities.

It is a matter of history that Mr Baldwin's Government suffered a severe defeat at the polls, and the King asked Mr MacDonald to form a Government. When making his first speech in the House as Prime Minister, Mr MacDonald announced the plans and intentions of the new Government, and indicated that the land question would be dealt with at the earliest possible moment. In referring to the expenditure of the Road Board, he stated that it would vastly increase the wealth of the country, more particularly the land, more particularly the power put into the hands of the owners of land to exact an enhanced rent out of the capital expenditure found by the nation at large. That, he said, would have to be tapped; some of it would have to go back into the national resources.

The statements of the Prime Minister stimulated activity in the House amongst Labour and Liberal Members interested in the taxation of land values, and within a short while a Land Values Group was formed. After several meetings, it was decided to ask the Chancellor of the Exchequer to receive a deputation, and on the 26th May, 1924, Mr Philip Snowden met members from the Land Values Group in his room at the House of Commons. A memorandum was presented expressing a hope that the Chancellor would be able to make the necessary provision for a tax on land values in the forthcoming Budget. He was assured that he would receive support from all progressive sections in the House, who would be prepared to spend nights as well as days in assisting him to press the matter forward. The Chancellor replied that he was in general accord with the aims of the deputation, and he adhered without qualification to the statement which he had made the previous year, that it was desirable to obtain for the public the enormous social economic value of the land. The Labour Party was pledged as a party to deal with the matter at the first available opportunity, and the subject therefore resolved itself into one of practicability, and immediate practicability. Circumstances prevented his making any promise in regard to the forthcoming Budget, but he assured the deputation that the arguments which they had placed before him would receive

his earnest and most sympathetic consideration.

On the 29th April, 1924, Mr Snowden presented his Financial Statement to the House, and during his speech expressed regret that, owing to the short time the Labour Government had been in office, he had not been able to insert in this Budget a full and detailed scheme for land valuation and taxation. He wanted the proposals, when they were submitted to Parliament, to be thorough, well thought out and, at the same time, as simple as possible. The necessary preliminary work had already been begun, and would be carried on without delay. He regarded land value taxation as important from the point of view of unemployment, housing and other reforms, and assured the House that there would be no unavoidable delay in bringing the question to a direct issue.

Within six months, circumstances compelled the Prime Minister to dissolve Parliament. Mr Snowden made several speeches during the election on land value taxation, and made a special reference to it in his election address. The following is the relevant quotation:—

"In my Budget speech I gave a definite assurance that if I were in office next year, I would deal with the question of the Taxation of Land Values. If we had not been interrupted by a General Election, I should have introduced a Bill in the Autumn Session for the restoration of the powers of the Land Valuation Department which were taken away by the last Tory Government. Considerable progress has been made in working out a scheme for the Taxation of Land Values, and if I am Chancellor of the Exchequer next Spring, I shall certainly bring forward this very important reform. . . ."

Unfortunately, the Labour Government was defeated, and Mr Snowden's intention of introducing a measure for Land Value Taxation in the 1925 Budget was frustrated.

## TWO MUNICIPAL CONFERENCES Bradford and London

Thirty-one Yorkshire Local Authorities have been invited to send delegates to the Municipal Conference convened by the Bradford City Council for 28th February. Councillor Leach will move the Resolution:

"That this Conference is strongly of opinion that the existing system of Rating should be altered so that Local Authorities shall be empowered to levy rates upon owners in respect of the values of sites within their respective Areas with a view to (a) effecting a reduction in or abolition of Local Rates payable at present by the occupiers of hereditaments, and (b) securing that the public shall benefit from increased site values which arise as a result of the growth of the population; And That a copy of this resolution be sent to the Prime Minister and the Chancellor of the Exchequer;

"And Also that the Council of each County, County Borough, and Borough in England and Wales be requested to pass a resolution in similar form."

Another important Conference being held this month is that convened by the Association of Municipal Corporations to deal with the problem of the slums. The Conference meets in the Guildhall, London, on 28th February.

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## THE PROBLEM OF THE ROOF TREE

By the Rev. Richard Free

Vicar of St Clement's, Fulham

[One of the many Churchmen in London who replied to the recent communication from the United Committee bearing on Housing Sunday, and recommending Henry George's Address, *Thy Kingdom Come*, was the Rev Free, of St Clement's, Fulham. He wrote: "I have been a supporter of your cause for many years, and in 1904, under the title 'The Problem of the Roof Tree,' a chapter in my book *Seven Years' Hard*, I declared in substance that the taxation of land values was the only way out of our housing difficulties." The Rev Free's book has been many years out of print. He has kindly provided us with a copy and we are glad to reprint some telling passages from the chapter he mentions.—EDITOR, *Land & Liberty*.]

I, for one, decline to believe that the poor are, in any way, more depraved than the rich; but I solemnly assert that they have less chance of fighting against their depravity. The cause of overcrowding must be sought elsewhere.

It will be found in high rents. The East End working-man pays for house-room a sum out of all proportion to his income. From a quarter to a third of his weekly wage goes to his "landlord." Try to realize what that means. Say your income is £400 a year. You would only be in the position of vast numbers of your fellow-citizens if for the most inadequate accommodation you were obliged to pay not less than £100, and possibly as much as £130 a year. This you could do only by subletting. And that is precisely what the working-man does. . . . He would naturally prefer to continue occupying a house all to himself; but his slender resources would break under the strain. The object of his landlord is to wring from him the highest possible rent for the poorest possible accommodation; and his own object is to use the available accommodation to its utmost possible limit. Thus room, house, street, neighbourhood, become overcrowded; and dirt, disease, and death have their fell way. High rents are the direct cause of overcrowding. . . .

In spite of the schemes without number for the solution of the housing problem, the problem is still with us, a Sphinx's riddle of disheartening complexity. Where shall we look for a satisfactory answer? Not to the making of slums by the clearing of slum areas. Not to the creation of overcrowding by the erection of temporary shelters. Not to the bribing of the worker with our left hand, while we bleed him with our right. Not to the reduction of the number of would-be tenants. Municipal experiments are hopeless. Philanthropical experiments are hopeless. The on-rushing multitude has nowhere to lay its million heads, and we grow hysterical at the sight. "Where shall we look for our salvation?" we cry. And the only answer is, "To the land."

"Ah, yes! to the land!" we say. "Of course! What more simple? Let us buy land where it is nice and cheap. There, in the near country, lies any quantity of it. We will buy square miles of it, we will; and we'll run trams and trains to it, we will; and our poor dear working people shall be housed at last!"

What a pity it is that such a charming scheme should be so useless! And why useless? Because cheap land is dear land the moment anybody wants it; only land that nobody wants is cheap. The effect of purchasing land for building purposes on the outskirts of our cities would be to raise the value, not only of all the land in the neighbourhood of the purchase, but also of all the