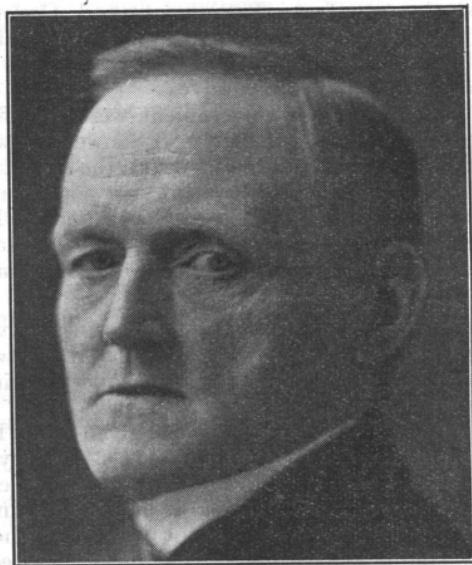


MR PHILIP SNOWDEN ON LAND VALUE TAXATION

Speeches in Hanley, Saltaire, Liverpool and Leeds



THE RIGHT HON. PHILIP SNOWDEN, M.P.
(Chancellor of the Exchequer in the Labour Government, 1924)

AT HANLEY

25th January

The meeting was held in the Victoria Hall under the auspices of the Stoke-on-Trent Central Labour Party. Dr A. A. Hill presided, and Mr Andrew MacLaren, M.P., and Alderman S. Clowes, M.P., supported Mr Snowden on the platform.

MR PHILIP SNOWDEN explained that he had undertaken that meeting at the request of the English League for the Taxation of Land Values, in the hope that it might do something to stimulate interest in that important subject. There was, he supposed, no part of the country where more propaganda had been done for the taxation of land values than in that part of Staffordshire, but it was necessary to keep the subject constantly alive, for there was a considerable indifference on the part of the public towards that very desirable and urgent report. All classes of the community were loud in their complaints about heavy taxation and high rates, but they were blind to one of the principal methods by which their burdens might be removed and, at the same time, a great stimulus given to industry.

THE FUNDAMENTAL MONOPOLY

There had been rumours during the past few days that Mr Churchill was considering the question of dealing with local rates in his next Budget, but he could not see how Mr Churchill could deal with the question in a way which would be satisfactory, or which would relieve the burdens upon the taxpayers and ratepayers, because he was not likely to tackle the question of the taxation of land values. Although in the past he had been a very eloquent advocate of that reform, it was hardly likely that the Tory Government, controlled very largely by the landed interests, would permit him to deal with that matter.

The reason the great mass of the people had not reaped the advantages which might have been expected from the vast increase in productive power after a century unparalleled for scientific and mechanical advancement, was that it had accrued largely to the

benefit of a class of monopolists, the chief of which were those who held the monopoly of land. Land was the fundamental monopoly which lay at the root of every other question, and until the land problem was solved the benefits of other reforms might come, but only in a very small measure compared with the advantages which would accrue to the community if the land monopoly were destroyed.

There was a district in North London which, when he went to live there nearly 20 years ago, was purely agricultural in its character, but which, when a new railway had opened up the district, became a thriving town. He remembered a four-acre plot of agricultural land, which was then let at £8 per year, and had a capital value of £200. Later, that land was sold for £8,000. That was an illustration of how the land monopoly could levy tribute on industry. That railway, a few months ago, was extended still further into the country, and recently Lord Ashfield, Chairman of the Railway, complained that landowners round there were holding up the land, waiting for its value to increase, and the result was that the development of the railway was being greatly hampered, and the population, which would have gone there from the congested parts of London, were kept crowded in London, because the landowners were refusing to sell their land.

That kind of thing was common all over the country, and he was quite convinced that land values were never increasing more rapidly, throughout the country, than they were to-day.

THE BURDEN OF THE RATES

To make a district habitable, certain amenities and conveniences must be provided, and these, provided at the expense of the general ratepayers, added to the value of the land. Whatever party was in power, they could not reduce municipal expenditure, for if they attempted to do so they would have to pay far more indirectly in a higher death rate, poorer education and a loss of the amenities of civilization. But they could devise a plan by which they could stop the drain of municipal expenditure going where it did at present and be devoted instead to the service of the people who created the value. If they had the system of rating land values there would be nothing to keep back municipal improvements because every improvement would more than pay for itself in the increased values it gave to the land.

In the past 60 years rates for the country had risen from 16½ millions to 168 millions a year, and municipal debt figures were colossal. He sympathized very much with members of municipal councils who were anxious to do things, but held back because of the cost. The present system, however, not merely kept back public improvements, but levied toll upon every article we had to buy. Land which had a high capital value, but which was held back from development, practically escaped the payment of rates under the existing system. If, by taxation, they could force this unused land into the market, it would cheapen the price of land.

THE TAX THAT CANNOT BE "PASSED ON"

Both national taxation and local rating should be imposed so as not to hamper industry. Taxation generally was a burden on industry. It prevented its development but taxation could be levied in such a way as to be an encouragement to industry. A tax upon site values would lighten the burden of industry, would cause

prices to fall, and had the supreme quality of a tax or a rate, that the incidence of the tax would remain upon the person upon whom it was levied.

Our present system of local rating, instead of encouraging enterprise, and instead of tending to promote the health, comfort and education of the people, had the opposite effect. In 1914 the Consett Iron Co., in the North of England, paid £29,000 in local rates; last year they paid £118,000. The rates had risen, per employee, from 15s. 4d. in the £ to £5 8s. per person per year. The iron industry, with the mining industry and the cotton, woollen and worsted trades, were all suffering keenly from foreign competition, and therefore it was most important that the cost of production should be reduced—not that wages should be reduced, because reduction of wages would never lessen the cost of production—but that the burden of local rates should be lessened.

PRACTICAL PROPOSALS

There was a demand for the transfer of some part of local expenditure to the national exchequer. It was true that, in the last 15 or 20 years, burdens which were to a large extent of a national character had been imposed upon local authorities, and the question of a revision of the burden between the national and local exchequers was one which had long been ripe for treatment, but with a national expenditure of 840 millions a year, one had little expectation, in the next 18 months, at any rate, of seeing any relief of the burden of local authorities in regard to those services.

In outlining practical proposals, they had the experience of other countries to help them. Sydney, in Australia, started to rate land values in 1908, and was now the second city in the Empire, and had grown from a population of 500,000 to one of 1,100,000 since 1915.

The first step was for them to get a valuation of all the site values, and then put a tax on them. We had no really reliable estimate of the capital value of the land of this country, and he was not much enamoured of estimates not founded on reliable data, but they had the experience of other countries to go upon. If the capital value of the land per head of the population were the same in this country as it was in New Zealand, the land of this country would be worth about £10,000,000,000. He did not know what the figure would be if we had an exact valuation, but if we took the value per head of the population as being half that in New Zealand, we should have a total of £5,000,000,000, on which a tax of 1d. in the £ would produce £20,000,000, and a tax of 5d. in the £—the rate imposed in Sydney*—would bring £100,000,000. Here was a source of revenue, just, equitable, and fulfilling every one of the true canons of taxation, and it was there waiting to be taken when they had a Government which would have the courage to face vested interests and restore to the people their rightful inheritance in the land.

THE WAY TO THE SOLUTION OF OTHER PROBLEMS

He did not, he said, share the opinion—if it had been held by anybody—that the taxation of land values would solve every one of our economic, social and industrial evils. When they had the taxation of land values, a vast amount remained to be done in the way of social organization upon constitutional lines, but it would take what belonged to the people for the public use; it would remove the present injustices of our rating

* Apart from water and sewerage rates, the land value rate in the City and Metropolitan Boroughs of Sydney varies from 3d. to 7d. in the £ of capital value. In addition, a special land rate of ½d. in the £ is levied to cover the costs of the Sydney Harbour Bridge.—EDITOR, *Land & Liberty*.

system, it would give a great relief to industry and to agriculture, and it would liberate the activities of our local authorities—and he believed there was a vast field of usefulness, hardly yet touched, for the local authorities of the country. Parliament, and Government departments, could never solve the social problem for us; what Parliament could do was to give the people the power to do it for themselves.

“When the Labour Government were in office, for far too short a time,” concluded Mr Snowden, “we were going fully into this question, with all the expert advice which a Government department can command, and if we had been permitted to introduce a second Budget in the House of Commons, it certainly would have contained proposals for the national and local taxation of land values.”

MR ANDREW MACLAREN, M.P., proposing the vote of thanks to Mr Snowden, said how glad they were to have an ex-Chancellor of the Exchequer making the splendid pronouncement they had just heard, which was in full harmony with the pledge given in his Budget speech in the House of Commons in 1924. They could be assured that Mr Snowden would fulfil his pledge to carry through proposals which, as he had said in 1924, would be “thorough, well thought out and, at the same time, as simple as possible.” That meant a direct and uniform tax on the value of all land apart from improvements.

ALD. S. CLOWES, M.P., having seconded the vote of thanks, Mr Snowden responded, saying:—

“When the next election comes, I hope in every division of the Potteries you will make quite sure to return a candidate who will give me support when I introduce a Measure for the taxation of land values.”

SALTAIRE, YORKS

18th January

The meeting was held under the auspices of the local Labour Party.

MR PHILIP SNOWDEN said that out of every £1 of national expenditure 14s. 6d. was to pay for past wars and for the preparation for future wars. This year we were raising by taxation £310,000,000 to pay the interest upon the war debt. That was 50 per cent more than the total expenditure for all purposes in 1914. Then we were also this year spending £120,000,000 on the army, navy, and air services, which was 50 per cent more than in the year before the war. These were items which were unremunerative. While no Labour Government would hesitate to improve the social services, they should at the same time with equal energy direct their attention to the elimination of this wasteful part of national expenditure.

“Mr Churchill has found it necessary to impose additional taxation, and the manner in which he has done this brings into very pronounced relief the distinction between the fiscal policy of a Conservative Government and that of a Labour Government. A large amount of this additional taxation is indirect, and consequently people do not notice it. You ladies in the audience probably do not know how much has gone to the Exchequer out of the price you paid for the dresses that you are wearing. Mr Churchill seems to have a special antipathy to women, for in every one of his Budgets he has selected especially some article worn by women for either additional taxation or new taxation. Lace and silk stockings, for instance—(laughter)—and articles of domestic use.

“If we had remained in office, we should have swept away entirely every vestige of food taxation from the

fiscal system of this country. But what has Mr Churchill done? Not content to keep on the duty upon tea, coffee, currants, and other dried fruits, he has actually put a tax on every other article on the breakfast table. Your tea is taxed, your sugar is taxed, the tea-cup is taxed, the saucer is taxed, the teapot is taxed, and the knives and forks are taxed. The worst feature of the crockery tax was that it was levied not on the value but on the weight, which meant an unfair discrimination against the poor, as everyone knew that the cheaper pottery was, the heavier it was. All these additional taxes have been imposed during the last three years. Our taxation policy is to relieve entirely the working classes from all taxes upon articles which are necessities, to raise the national revenue by the taxation of those with the broad backs—those who are best able to pay."

Continuing, Mr Snowden said there was to be held next day in London a meeting of the Associated Chambers of Commerce, who were to repeat their annual protest against the extravagance of municipalities, and to make a demand for a reduction of local rates. There was one aspect of this question which simply amazed him. That was the indifference of practically every class of the community to an untaxed source of local and national revenue which would be increasingly productive. He meant the constantly increasing value of land, which was due to public money, public enterprise, and public activities. Under the present iniquitous system, the whole of the increased value of land went into the pockets of the landowners who had done nothing whatever to create it. He had very little sympathy with complaints about the burden of local rates so long as the ratepayers were content to tolerate the continuance of a system like that. There never was a time when this unearned increment on land was growing more rapidly than at present, due to the development of motor transport. Every town and village in the country showed an enormous increase in land values. The whole value of land was due to the activities of the population, and just as the population grew and wealth increased, so the landlord was able to reap where others had sown.

If the Labour Party had remained in office in the next Budget a proposal would have been submitted to Parliament for dealing with this problem. Parliament would have been asked to enact a measure for the rating and the taxation of land values; in other words, for the adoption of a system by which at least some part of what belonged to the community should accrue to the community, and, if we had such a system as that in operation, there would be nothing whatever to stop public improvements. He was sure the next Labour Government would undertake this very important and urgent matter.

LIVERPOOL

20th January

What was described (says the *Liverpool Post*) as the largest midday gathering of commercial representatives ever held under the auspices of the Liverpool Chamber of Commerce gave a very cordial, non-party welcome to Mr Philip Snowden, M.P., ex-Chancellor of the Exchequer, at a luncheon in the Exchange Station Hotel. Colonel Buckley, chairman of the Chamber, presided, and besides Mr Snowden, the guests included Mr J. H. Hayes, M.P., and Mr W. A. Robinson, leader of the Labour Party in the City Council.

MR PHILIP SNOWDEN said that industry and finance were closely connected, and he agreed that it was the business—indeed the main if not the only business—of a Chancellor of the Exchequer in framing his Budget to keep in mind the effect which expenditure and taxation

would have upon the industry of the country. Every Budget ought to be so framed as to relieve as far as possible the burdens in industry and to levy taxation in such a way that it would rather stimulate than depress enterprise and industry.

He believed that local rates were undoubtedly a very heavy burden on industry, because as an overhead charge they added directly to the cost of production; and it was most important that something should be done to relieve that burden. It was not enough to complain unless they were prepared to make practical suggestions. He was quite sure that they would not effect what was wrongly called national economy by trying to restrict the social services. People would insist upon a rising standard of living, and we would have to make provision for the satisfaction of that very reasonable expectation and desire. He did not believe it was possible to reduce the municipal services, because if we did we would have to pay indirectly for a lowered standard of health.

"Is there therefore," Mr Snowden asked, "any means by which we can maintain and expand the local public services and at the same time relieve the burden of local rates? I believe there is. There is within a few yards of the place I am now standing land which has been sold at the rate of a million pounds an acre. The other day the trustees of Lord Derby's estate sold freehold ground rents in Liverpool and Bootle for more than £1,000,000. In those days when the river paddled in the pool on the banks of the silent Mersey that land had no value at all. That land value has been created by the population and industry of Liverpool and by the municipal expenditure of Liverpool, and I am constantly amazed at the indifference of the people, at the complacency with which they go on making improvements, developing the town and increasing the rates, and at the same time permitting the fruits of such enterprise to go to the enrichment of a few landowners. Now, you have in the solution of that problem the means of greatly reducing the charges upon industry by the burden of local rates, and unless you are prepared to deal with that problem I cannot excite in myself a great deal of sympathy with you."

The *Westminster Gazette* of 21st January, in its report and comment on the speech, said that the reference to Lord Derby's sale "drew surprising applause from the audience of business men, whose president is Lord Derby."

LEEDS

21st January

MR PHILIP SNOWDEN presided at a half-yearly meeting of the Yorkshire County Allotment Federation, and in the course of his address, said:—

"No one can read the figures with regard to the decline of the agricultural population and the figures of agricultural output without feeling a very grave concern as to the future of the country. On the other hand, there is a revival of interest in the land question. It is calculated that the value of the produce grown by allotment-holders is between £10,000,000 and £12,000,000. There are something like 3,000,000 people who are supplied with fresh vegetables of their own growing, and where there is a surplus that can always find a ready market close at hand. The advantages are not to be measured merely by material facts, for allotments provide a healthy occupation and a most active change, and they bring the atmosphere of the country into the lives of those who dwell in congested towns and cities.

"Mr Neville Chamberlain a week or two ago made a suggestion to the effect that where a new garden suburb was going to be built there ought to be earmarked in the

centre of it a very large piece of agricultural land. That would be a very desirable thing, but Mr Chamberlain added a rather staggering suggestion. It was that the owners of this land which had been reserved in perpetuity as an open space and for agricultural purposes should be compensated for the loss of the future unearned increments.

"The burden of rates is getting so heavy that municipalities and other local authorities are hesitating more and more to embark on schemes of public utility and the improvement of the amenities of their districts. With the rates at more than twenty shillings in the pound, which is the case in many local areas, one can excuse the hesitation of the local authorities to embark on large schemes of improvement, however desirable they may be. Therefore, the other alternative is to face a question which is long overdue—a complete revision of our system of local rating. Our local rating is an anachronism. I believe it has never been radically changed since the days of Good Queen Bess. When that problem is raised the whole question of the relation of Imperial and local finance will have to be treated."

LORD OXFORD'S PASSING

After a short illness, Lord Oxford and Asquith, in his seventy-sixth year, died at Sutton Courtney, Berkshire, 15th February. The offer of a resting place in Westminster Abbey was not accepted by the family and the former Prime Minister was quietly buried at his home by the Thames-side.

The *Times*, 16th February, carried a lengthy and faithful survey of the chief events in Lord Oxford's strenuous life, and the previous night the *Evening Standard* gave space to a well-balanced article on the great Parliamentarian by E. J. Raymond, the concluding paragraph from which we quote:—

"No man ever cared at heart less for titular honours. None has worn them with a higher dignity. For certain things that were implanted seventy-five years ago in the son of a middle-class Yorkshireman at Morley remained to the end unaffected by Balliol, by the Temple, by Westminster, or by Mayfair—a strong English intelligence, a fine sense of human values, a fundamental simplicity of character, a high magnanimity that robbed defeat of its sting, an imperious integrity which was always a party and often in the fullest sense a national asset."

Lord Oxford will be specially remembered by single taxers for his many clear-as-crystal statements on the taxation and rating of land values. No one could put the case for the policy in more commendable terms than himself; yet he never seemed to notice its implications. He never saw the relationship of free land (free from the element of monopoly) to employment and wages, and therefore could not link up the Liberal Free Trade principle with the principle of free production. But this is a view-point that can be dealt with some other time: at this writing we desire only to recall the strength of conviction he possessed for the liberating programme that over twenty years ago brought the Liberal Party into the affections of the people. The agitation of 1909, with the powerful support of the Municipalities of the country behind it, raised the prestige of the Party at home and abroad, only to be lost again as it turned away from its declared policy of economic emancipation to the less troublesome task of regulating and sustaining the poverty that land monopoly breeds and fosters.

If any loyal party Liberal is inclined to doubt the wisdom of the land value policy as a means to free conditions and the removal of poverty from industry

let him ponder over Lord Oxford's instruction on the subject. Here are two of the best of his pronouncements:—

At Buxton, 1st June, 1923:—

" . . . We hold that, so far as practicable, local and national taxes which are necessary for public purposes should fall on the publicly created value rather than on that which is the product of individual enterprise and industry.

"This does not involve a new or additional burden of taxation; it is a substitution of one system for another. It would, however, produce these two consequences: first, we should cease to lay the burden of taxation on enterprise and industry; and secondly, land would come more readily and cheaply into the best use for which it is fitted. These two things would be potent promoters of industry and progress."

At Huddersfield, 7th November, 1925, in a reference to agricultural land:—

"There was the unsatisfactory condition of agricultural land, acknowledged for years by all parties, calling for an earnest and immediate consideration of our land problem in all its aspects, both rural and urban—for in his judgment they could not draw a sharp, or any, line of demarcation between the one and the other."

A 999 years' lease of seven acres of land at Welwyn Garden City, Herts, at £45 an acre, has been acquired (*Times*, 27th February) by the Welsh-Pearson-Elder Films Limited, for the erection and equipment of a studio on the most modern lines. The rent, compared with the price originally paid by the Garden City, has a "modern" ring about it.

* * *

We are indebted to W.R.L. for the following quotation from the writings of Martin Luther: "If the land brought forth as many coins as ears of corn the profit would not go to the farmer who laboured the land, but to the landlord who lived off the farmer."

It is a truism well illustrated in the results of the Agricultural Rates Acts, and the interests that dominate the pro-landlord "National Union of Farmers" are making the most of it.

* * *

In a note to *Land & Liberty*, Col. Wedgwood writes: We have so many friends among the Jews that I want to rescue from Herzl's diary, now appearing in the journal the *New Judaea*, the mention of an early convert to the single tax—Colonel Goldsmid. Herzl writes under date 25th November, 1895, during his visit to England in connection with Zionism: When I am with Goldsmid I seem suddenly to stand in a different world. . . . He also, like (Sir Samuel) Montagu, thinks of a greater Palestine. Good is his idea to levy a progressive tax on landed property. Henry George! —*New Judaea*, 16th December, 1927.

LOCAL TAXATION IN THE BRITISH EMPIRE

BY THE

RT. HON. COL. JOSIAH C. WEDGWOOD, D.S.O., M.P.

Twenty-four Pages. PRICE THREEPENCE.

(Post Free 3½d. 2s. per dozen; 15s. per 100, carriage paid.
In Boards, 1s. each.)

Published by the Author in Association with the
Labour Party, 33, Eccleston Square, S.W.1.

And obtainable from

The English League for the Taxation of Land Values,
376-7, Strand, London, W.C.2.