

but what else are they? The real Communists are a little more thorough, that is all.

JUST in what degree additional taxes upon incomes may further increase the burdens acting as a deterrent upon industry, and thus deepening the prevailing depression, is of course impossible to say. But even if the influence is little or more, and even though it be true that income taxes, because they are not capable of being passed on, do not increase cost, neither do they add inducements to enterprise, but, if effective in any way, act rather as discouragements. The defect of all these proposals, useful as temporary expedients though they may be, is that they are simply a postponement of the evil day. It is a process of piling up obligations for the future. The more we try to evade the true economic solution the greater the price we must pay. How much longer can we ignore its insistent call?

THE proposals for tax exemption of new buildings by Mr. Wm. J. Diles, of Palisade, at the Fort Lee Borough Council of New Jersey, called forth the following communication from Mark M. Dintenfass of Grantwood, which was published in the Fort Lee papers:

"The proposal of exemption of taxes on new buildings and new endeavors in our borough by some of the realtors and builders came to my attention through our local newspapers.

"A splendid idea, although not at all new! As a substantial taxpayer and for the good of our borough, I wish to further this question by personally bringing this important matter to the attention of your honorable body with the following comment:

"New building immediately makes the wheels of commerce move, gives new employment, opens up factories and increases payrolls which support the local tradesmen; brings new people into the community, which increases land values, benefiting the borough, the people in general and the real estate owners in particular. I am sure this is known to the honorable mayor and council. Personally, I know of no better way to build up a community than by untaxing new endeavors.

"We know that the exemption from taxes on new homes in New York City was a big success and a great benefit, and that the exemption of taxes for new buildings has been a benefit and a success wherever given a chance. We also know that a number of cities and towns in Pennsylvania have prospered because of the fact that not only were they exempt from taxes for a period, but even the ground was given free to encourage new efforts. I am therefore 100 per cent for an arrangement which will benefit men who help to build up our community. They should be free from taxes.

"I am certain that the people who have the interest of the borough's success at heart, will not only be for this proposal but will bend every effort to bring it to the attention of others.

"I therefore respectfully request your honorable body to give this matter your earnest consideration and take advantage of the opportunity that is now apparently knocking at our door."

The Budget Debates

THE first and vital thing to be said in discussing the Budget talks is tribute and honor to Chancellor Snowden, who has never wavered in the great moral principles laid down in the Budget speech: that the land-value tax is a restoration to the public of their own in symbol. Everyone except Georgeists and Socialists three months ago held that land owners represented the Creator and were fully entitled to all they could get out of those omitted from the Divine Plan. The Socialists (following the American substitution of "eminent domain" for the British common law of land rights) held that neither land owners nor anyone else were entitled to anything if the Government desired it. Hence, "Quadragesimo anno."

Today, age-long British law has been vindicated by a powerful Cabinet Minister in the office where infringement has been a constant policy.

Snowden, with his astonishingly dexterous and well-informed helpers, Sir Stafford Cripps, solicitor general, and Pethick Lawrence, financial secretary, has definitely established our doctrines, and so far as one may judge has conceded no serious economic principle except in one case which at most is doubtful and meant probable defeat if contested.

The question of exemption from land-value tax was, of course, discussed at great length. The policy of exempting "the agricultural value of agricultural land" and minerals has been only challenged in principle by Georgeists—there is no obstacle to a wiser House of Commons amending this in the future; for the present moment it tends to simplify and expedite the valuation which is to cover all valuable property. (Who can value minerals when and where the mining industry is not solvent?)

Other concessions made in debate are likely to be permanent and have deep social consequences. They refer to land controlled by charities, educational bodies, religious bodies; used for sport; and amenity land to which public access is permitted. (The big issue raised by Liberals of "double taxation" will be considered later.)

CHARITIES

It is agreed that land held by or for charities, which are controlled and supervised by the Charity Commission (a department of state), shall be exempt from the land-value tax exactly as income tax is refunded in all cases to such charities. This is frank recognition of the fact that such charities, subject to public accounting and control are performing state functions cheaply and well in a public sense. The conditions of income tax exemption are now well understood and defined by a series of judicial decisions.

EDUCATION

Here a similar position begins to appear. From the great and ancient Universities of Oxford and Cambridge to the private school of a few pupils with some social or personal popularity there is a vast network of educational bodies

more or less independent of the official Board of Education. Exemption from the land-value tax of their land holdings on generally similar terms to charities will tend to bring all who think it worth while under the supervision of the board—with, of course, a certain measure of loss of autonomy. Modern socialism by free will emerging as soon as a touch of Georgeism gives it a place whereon to stand!

CLERICAL

A further stage is indicated in exempting denominational lands from land-value tax—this would have rejoiced a Becket, Langton, or Grosseteste! By all above precedent a result must be that accounts and records of churches which register land as "tax free" must come "gradually and inevitably" under the control of the Ecclesiastical Commission; which will be little to the taste of some who are exulting in the escape from the levy of a tax at present of trivial weight. But a very good thing indeed for the supposed beneficiaries of church funds, though a far greater loss of autonomy than suffered by schools. This will have the most searching effects of any church law change for four centuries or so, reviving Plantagenet controversies. Better to pay, perhaps!

SPORTS

Another set of ideals are next to be considered. In view of the inadequacy of publicly controlled spaces for games and recreation, the opinion grows that permanent dedication of sports grounds in private control is so desirable that it is well to offer exemption of the tax to *prevent* use of the area for building, etc. Even if not quite permanent, it is seen that temporary use of odd bits of ground for games is a public benefit and the capitalized tax will fall on the sale price should it be wished to commercialize such areas, as well as (perhaps) five years' back taxes on ending temporary dedication.

AMENITY LANDS

Similar to this is a feature of British life which is today more valued than perhaps ever before. Many people of wealth maintain and control "non-economic" gardens and pleasure grounds to which the public are admitted when at their best (very frequently for a small fee to nursing or other charities). Mr. Snowden has refused in cases such as this to make any exemption from the tax, but has offered that any such concession made by owners can be registered with the local authority and shall be strongly considered in assessing the taxable value of the "land unit."

These matters are of interest and importance in themselves. They are the result of debate and seem to be an agreed national policy. The implications are astounding. Mr. Snowden is not a Georgeist, but he has definitely broken with the obsolete bureaucratic and brutal socialism of the post office, national railways and police variety. As soon as he lays the foundation stone of a Georgeist tax law we see arising from it a structure of the new and

good sort of socialism—private enterprise and control, at private risk, supervised and co-ordinated (in some way at present unsettled) by public officials in return for public financial concessions. Syndicalism can grow in such an atmosphere, or a co-operative commonwealth; or if under just conditions private enterprise quite unfettered is the strongest course, it has only to renounce its exemption from the land-value tax. The Chancellor is a great Socialist of the forward-looking school, and finds in Georgeism a solid base on which a free state with all the co-ordination which Socialists advocate can come into existence; it is quite possible that he has killed the old dream of a socialist slave state on a base of private or public land monopoly, so far as Britain is concerned. By one Budget Bill!

THE LIBERALS

The saddest feature in the whole debate is the Liberal position. The June, 1931, issue of the *Liberal Magazine* was full of admirable matter commending the land-value-taxation proposals. The social and financial thumbscrews have been applied, first to Sir John Simon, a leader of the Liberal majority, who came out with an attack on the whole principle of a land-value tax, demanding reversion to the 1909-10 duties on undeveloped land and increments, which were calculated to collapse under their own weight, and did so. He has been eliminated from the roll of vice-presidents of the English League for the Taxation of Land Values. Strangely, he did not resign, but waited to be expelled.

The next victim was Mr. Lloyd George, the Liberal minority (and titular) leader, who has repeatedly warned the Chancellor against this absurd policy. His attack was far more able, and forced from the Chancellor a most costly and dangerous concession. The income tax now takes 4s 6d in the £1 (225 mills) on the assessed income from real estate of great total value under Schedule A; the penny land-value tax is a further double tax of 83 mills on the assessed income from the land itself in such cases, which is very heavy if and when improvements are considerable and themselves heavily assessed and taxed. Schedule A valuations are "confidential" and often absurdly low for landed magnates; Snowden valuations are public.

The Cabinet has accepted a Liberal amendment which has been repeatedly redrafted. There are very complex mathematical formulae by which the tax on land value is reduced to one-eighth of a penny in all cases of land most fully improved where the real estate value as a whole bears the 4s 6d income tax, and is levied at the full rate of the equivalent of one penny only if there are no improvements on the land. Thus the so-called "double taxation" is avoided. It is very clear that Georgeists will have to deal with Schedule A some day, and arrangements by which it is considered in payment of land-value tax are only temporary.

Mr. Snowden has promised this, indeed. There can be no word of defense for taxing *real estate improvements* at 4s

6d in the £1, and a land-value tax which falls on the land in proportion to the improvements on it should be replaced by an increased "Snowden tax." I repeat that Schedule A assessments are confidential, and no one but the assessor and the taxpayer knows them: only the assessor knows how assessments compare with those on other like and adjacent property. This is "to get at them rich fellers," as the "mugs" are told; but once again, the Snowden Budget has altered all our public life, and has, even in its injured form under pressure of a hostile majority, the seeds of vitality to amend all these abominations of class rule.

The crisis came on June 22, when a hostile Liberal official amendment was defeated by a bare half-dozen votes in a House intimidated on the one side by financial and social magnates, on the other by fear of vengeance from an outraged public. Every able man who could be won over by the land monopolists was employed to set out a case which never faced the real issue of preparing for the Single Tax. Heroic work was done, if a member of the United Committee may say so, by the "Tothill Street" (now "Petty France") organization, whose information service came to be eagerly sought by legislators. In several cases plausible amendments were so riddled by "memoranda" circulated to all M. P.'s who could be reached that they were never brought forward. In one case many legislators' enquiries had come for such a memorandum, delayed at printer's, and this writer was the only messenger available to take to St. Stephen's the sheets, which were eagerly seized by a distinguished M.P. for immediate distribution in the House.

The critical division once more tore the Liberal party to shreds: about twenty Liberals voted hostile, none of any importance save Mr. James de Rothschild; about ten Liberals voted Georgeist, including such fine men as Sir Robert Hamilton, Major McKenzie Wood, Mr. Geoffrey Mander, Mr. Percy Harris and Mr. Graham White, while about thirty Liberals took no part, including the whole "Shadow Cabinet"—three Lloyd Georges, David, Gwilym and Megan; two Simons, Sir John and E. D.; Sir H. Samuel, Sir D. Maclean, etc. Sir J. Simon in opposing the whole idea of Henry George's teachings avowed his desire to see them applied to municipal taxation! ("File this for reference.")

Many Conservatives were absent without seeking "pairs"—and indeed there is no fight in the Opposition; these Conservative abstentions saved the Cabinet and the Finance Bill, due largely to the tactical skill of the Chancellor in allowing two years for the valuation to take effect. Conservative leaders have "saved their faces" by strong prophecies that within two years they will be in office and the tax repealed, and so march off the battlefield no shot fired.

The Finance Bill passed out of committee as amended on June 24 by majorities of 42, 49 and 54, with an ovation to Sir Stafford Cripps; and in third reading on July 3 with 52 and "The Land Song."

The only Conservative comment, by Mr. Neville Chamberlain, expressed regret at the Liberal-Labor compromise; the principle of the valuation is accepted, as *The Times* notes with regret, "while discussion has raged on this or that trifle being taxable or not."

The greatest Georgeist speech ever made from the Treasury Bench was by the Chancellor, who laid down plans which it will take a generation to complete, on third reading of the Finance Bill. Magnificently, with a Budget sacrifice of £30,000,000 under the Hoover plan, he promised that every penny of the land-value tax would be used to reduce taxation: earlier he had said that local rating on site value should follow the valuation swiftly, and the revision of national taxes on real estate should also then be undertaken.

"This is the first real attack on the land monopoly of the country * * * they had begun a far-reaching reform which some day would liberate the land for the people."

"DOUBLE TAXATION" AND "AGRICULTURAL LAND"

The inconvenience of the term Single Tax (which has been hated for two centuries and never bettered) is shown in the "Simon-Liberal" slogan, "No double tax on land value": *i. e.*, that any tax on land value, however trivial or unfair (as Schedule A), must exempt from any just tax. It should be itself repealed and replaced by a flat tax on Snowden valuation of equal return without prejudice to reform of municipal rating and taxes on trade and on legacies, etc.

The exemption of the "agricultural value of land used for agriculture" raises the point: has such land any *real* land value? Its selling price after providing fair wages for labor and skill and interest on improvements is largely and perhaps always composed of *unreal* elements—shooting rights, social power and prestige, the hope of future increments, and the chance of unknown minerals, which are as illusory as the building values which to some extent arise wherever automobile cars can travel. Such influences we may hope will tend to lessen under the Snowden Budget even if they escape some of the tax which is their due.

Lastly, as I began, all credit to the Socialist Chancellor who has done more with a difficult Legislature than any Georgeist could have done, and under criticism has found strength and safety in relying on our bases in words always more direct and clear.

MERVYN J. STEWART.

THE angle has been tri-sected. That's one problem solved. Many social problems still seem to defy the master minds—or is it the best minds? One of these problems seems to be triangular in form—we have idle lands, idle rich and idle poor.

Perhaps some one can explain the relation of these and tell us if they are corollaries—AND HOW!

JOHN J. EGAN in *World-Telegram*.