

THE NEW GOVERNMENT AND LAND-VALUE LEGISLATION

By James Dundas White, LL.D.

Now that the late Government is out and the Labour Government is in office, we may consider the situation from the land-value standpoint.

A Clause for the Finance Bill

In the next Finance Bill we may hope for a clause re-enacting the provisions of Section 4 of the Finance (1909-10) Act, 1910, which entitled the Valuation Department to information about transactions in land and was repealed by Section 38 of the Finance Act, 1923. That Section 4, as it stood before its repeal last year, was as follows:—

4. (2) It shall be the duty of the transferor or lessor, on the occasion of any transfer on sale of the fee simple of any land or of any interest in land or on the grant of any lease of any land for a term exceeding fourteen years, to present to the Commissioners, in accordance with regulations made by them, the instrument by means of which the transfer or the lease is effected or agreed to be effected or reasonable particulars thereof . . . and, if the transferor or lessor fails to comply with this provision, he shall be liable on summary conviction to a fine not exceeding ten pounds . . . but any person aggrieved by any conviction or order of a court of summary jurisdiction under this provision may appeal therefrom to a court of quarter sessions.

(3) Any such instrument shall not, for the purposes of section fourteen of the Stamp Act, 1891, and notwithstanding anything in section twelve of that Act, be deemed to be duly stamped unless it is stamped—

(b) With a stamp denoting that all particulars have been delivered to the Commissioners.

(5) Regulations may be made by the Commissioners with respect to the mode in which any instrument is to be presented to them in order to be dealt with under this section, and for dispensing with the presentation of any instrument, or particulars thereof, in cases where arrangements are made for obtaining those particulars through any registry of lands, deeds, or title, or through a Register of Sasines.

(7) Where any agreement for a transfer or agreement for a lease is stamped in accordance with this section, it shall not be necessary to stamp any conveyance, assignment, or lease made subsequently to and in conformity with the agreement.

(Note.—The omitted Subsections (1), (4) and (6), together with the omitted words represented by marks of omission, related to the Increment Value Duty and were repealed by the Finance Act, 1920, as consequential to the repeal of that Duty, of the Reversion Duty and of the Undeveloped Land Duty. The expression "The Commissioners" meant the Commissioners of Inland Revenue and in practice, for certain purposes, the Valuation Department.)

The Case for the Section

This section was part of the machinery of these so-called Land Value Duties; and when they were repealed it was—subject to these consequential amendments—kept in force. It is essential to any plan for the valuation of land-values, and it is very useful for other purposes also. Mr. Austen Chamberlain, who as Chancellor of the Exchequer was in charge of the Finance Bill of 1920 which repealed these Duties, and is no friend to the taxation of land-values, stated the case for the retention of this section in these words. He said that the Govern-

ment "attach the greatest importance to having as accurate information as possible as to the value of land and

hereditaments in England. We need that information for the purpose of taxation and for the purpose of advising public departments and authorities when they are purchasing land. The information we collect under the provisions it is sought to abrogate is most valuable for that purpose. It has proved to be of the greatest assistance to the Valuation Department for all valuation purposes, providing as it does an exhaustive and progressive indication of the movements of values in the property market. It is really essential, if the Valuation Department is to give that assistance which it ought to be able to give to public authorities, and especially to the State, when purchasing, and if it is to exercise that intelligent supervision and check which ought to be exercised over the valuations tendered to it in Death Duties, and all questions of valuation that come before us." (132 H.C. Debates 1350, 27th July, 1920.)

Another attack was made upon the section in 1922; but Sir Leslie Scott, then Solicitor-General, defended it on behalf of the Government. After referring to his own experiences of the utility of particulars obtained under this section on several Government committees charged with transactions in land, he said that "in order to enable the Valuation Department to function properly it is essential to maintain the delivery of these particulars," that "the records of the Department as to the details . . . have been maintained now continually for a series of years," and that "to break the continuity would be, in effect, to multiply many times over the work that would have to be done at some future date to enable valuers to get the information necessary to form their opinion." He added that "when the Law of Property Bill comes into operation on the 1st January, 1925, these particulars will become very much simpler, and the solicitors' costs involved in them will be smaller." (155 H.C. Debates 2146, 28th June, 1922.)

How it came to be Repealed

A further attack was made on the section in 1923. Even then the Government was prepared to defend the section against the clause intended to repeal it, and the mover of the repealing clause had actually asked leave to withdraw it; but the supporters of the section refused to give leave for this withdrawal; whereupon the Government took off their Whips and left the matter to the House, in which the landed interest was strong, with the result that the clause was carried and Section 4 was repealed (165 H.C. Debates 1359-62, 19th June, 1923). The circumstances of this mishap were described in LAND & LIBERTY for July, 1923, at pp. 118-119. When Report stage was reached a motion was made to leave out the repealing clause and to retain Section 4; but, after some considerable debate, it was defeated (166 H.C. Debates 300-403, 3rd July, 1923; see also the report in LAND & LIBERTY, August, 1923, pp. 137-144). Mr. Ramsay MacDonald, on the Report stage, and Mr. Philip Snowden, on Third Reading, made strong speeches in favour of the retention of Section 4, which are quoted in another column.

The Next Step

It is very desirable that the coming Finance Bill should contain a clause re-enacting the provisions of the section, with such modifications as experience may suggest, and, of course, with the sub-sections renumbered as (1) to (4). There might also be added two new sub-sections along such lines as these:—

(5) For the purposes of this section the expression "the Commissioners" means the Commissioners of Inland Revenue.

(6) Notwithstanding anything in Section 38 of the Finance Act, 1923, the provisions of Section 4 of the Finance (1909-10) Act, 1910, in so far as they were not repealed by the Finance Act, 1920, shall be deemed to

have continued in operation until the commencement of this Act.

The first of these additional sub-sections is explanatory, and avoids the need of inserting a reference to Section 96 (2) of the Act of 1910. The second is retrospective, but *only* for the purpose of bridging the gap in the continuity of the information supplied to the Valuation Department. This is a very different thing from retrospective action as regards taxation, like what was done by Section 25 of the Finance Act, 1921, which, "for the purpose of removing doubts" as to whether certain reliefs from income tax had continued in force, decided the question retrospectively against the taxpayers (*see* the terms of the section and the discussions upon it in 143 H.C. Debates, 739-762 and 144 *ib.*, 2078-2087).

Introduction of Land-Value Taxation

Still more important is it (in the next Finance Bill if possible) to provide for the valuation of land-values throughout Great Britain by the Valuation Department, coupled—for a beginning—with an annual tax of 1d. in the £ of capital land-value, equivalent to about 2s. in the £ on 4 per cent. of capital land-value. This step would inaugurate the taxation of land-values, and would prepare the way for the transference of rating to land-values at a later date.

The Late Government's Rating Bill

The King's Speech of the late Government made, in the "omnibus" clause, a reference to a Bill for the reform of valuation and rating, which is evidently the draft Valuation and Rating Bill for England and Wales, which was circulated to Local Authorities last autumn and was described in *LAND & LIBERTY* of October, 1923. That Bill was designed to alter the machinery of valuation, without in any way amending the standard of valuation, which is much more important. The first need is a valuation of land-values throughout Great Britain; and the Valuation Department is quite equal to making it in a comparatively short time. Then, when we have these valuations and a national tax on them, we shall see our way more clearly to take steps for the transference of rating to a land-value basis, and to provide for any co-ordination of the valuation authorities that may be desirable.

Writing on the Capital Levy in the *WESTMINSTER GAZETTE*, 17th December, Mr. Hartley Withers, late editor of the *ECONOMIST*, says:—

"It may be, of course, that we shall some day devise some system of accumulating capital without appealing to the private investor."

If the "we" here means the nation the answer is that in the communal value of the land is to be found the fund available for public needs and that when, and as, it is looked at in that light we see clearly how the legitimate earnings of industry will be set free for so much development. The Taxation of Land Values is no "dangerous obstacle to the saving habit."

* * *

Woe be to the man who makes an improvement, or does anything to add to the prosperity of the country, for his taxes must be increased.

Blessed be the man who holds land for extortion, who makes no improvement, for if population increases in that location he shall win a fortune. When idle extortion wins a fortune, industry loses a fortune.

In the centre of Toronto, the value of the land has increased TEN thousand fold in the last hundred years. The fortune of the owner has multiplied 10,000 times, the debt of industry has multiplied 10,000 fold. Industry gets all the burden and land monopoly gets nearly all the benefit.—*W. A. Douglass.*

THE NEW POLITICAL ECONOMY

By John B. Sharpe

(Being extracts from the address of Mr. John B. Sharpe before the Young Men's Civic Club of Pittsburgh, Pa., published as a pamphlet* and twice reprinted by the United Committee. This statement of the case for the Taxation of Land Values has been received with gratitude by the many who seek to teach its lessons to others and it has proved one of the most useful and popular of our pamphlets. We commend it again to our readers for its simple and clear explanation, its apt illustrations and its brief but convincing presentation of the whole argument.)

Property in things which are the product of labour, and property in land, rest upon widely different principles. That sacredness which attaches to property in the products of human labour, the fruits of human exertion, has never attached to property in land.

We carry the principle of the sacredness of private property, in its true forms, so far as to declare that what a man produces is his by so indefeasible a right that no government, even, can justly take from him one jot or tittle of it to defray the expenses of the community, so long as there is a value created by the community, such as the rental value of land, which may be applied to that purpose. It is the fundamental vice of socialism, that in determining the right of the community to control the means of production, it fails to distinguish between capital, or property in the products of labour, and property in land, and stands for the sovereignty of the state as against the sovereignty of the individual in the sphere of individual action.

Man is a bundle of wants and desires, he is also a bundle of muscles and nerves adapted in their organization to produce the things necessary to supply those wants and desires. That which he draws forth or produces from the storehouse of nature through the instrumentality of the one, he has a right to apply to the satisfaction of the other. His right to it springs from his right to himself, and it should be his as against all the world.

But no man made the land; it is the free gift of God—or Nature, as you will—it was intended for man—not some men or a few men, but for all men. It is the reservoir from which all wealth is drawn. Man himself springs from it, is nurtured by it, must live upon it, and without it cannot live at all. The right to land is as sacred as the right to existence itself. It is a common, equal, and inalienable right, and cannot rightfully be bartered away by princes or parliaments.

These fundamental principles, which form the moral or philosophical basis of the theory, accord with, indeed are but corollaries from the "law of equal freedom," which is the law of social equity, or, as Spencer calls it, "the law of right social relationships." This law of equal freedom—for the maintenance of which governments are instituted and alone justified—declares that every man has the freedom to do all that he wills, provided he infringes not the equal freedom of any other man. But if some men may seize upon the bounties of nature and deprive other men of access to them, except on condition of yielding up a share of what they produce, in exchange for the mere privilege of producing, the law of equal freedom is violated; and is so, whether such right of dominion be privately arrogated and enforced or be conferred and maintained by the power of the state; for there are certain rights that inhere in the individual and are anterior to the state—the right of freedom of access to the means of life provided by the Creator being the most vital and

* *THE NEW POLITICAL ECONOMY.* By John B. Sharpe. Price 1d. Special terms for quantities at 5s. per 100 carriage paid. Send orders to the publishers, the United Committee for the Taxation of Land Values, 11, Tothill Street, London, S.W.1.