

CAMPBELL BANNERMAN'S PROGRAMME IN 1906

What the Liberal Government made of it

By EVERETT BINNS, J.P., Cowling.

We reported in our issue of last month that the Skipton Division Liberal Association met on 23rd October and carried the following resolution unanimously:—

That this meeting regrets that, owing to the War, the Liberal campaign for a drastic reform of the land system was necessarily suspended, and believing that the land question is at the root of all social problems, it expresses the opinion that the time is ripe for dealing with the question of land reform. Further it calls for the introduction of such a scheme for the Taxation of Land Values (as initiated by Mr. Lloyd George in the Budget of 1909) as will effectively break down the monopoly in land and will ensure all land being put to its best possible use; and, further, will encourage rather than discourage improvements.

This motion was to have been moved by Mr. Everett Binns, J.P., and in his unavoidable absence Mr. Musgrave took his place as the mover, reading the following letter from Mr. Binns in support of the motion.

"It is not a far cry back to the days when Mr. Lloyd George was stumping the country on this question, and to think that it should be a Government of which he is the head that should go back and cancel all that he did in this matter, one can easily imagine must be very discouraging to his admirers of other days.

"Land Reform and the taxation of site values was one of the principal planks in Sir Henry Campbell Bannerman's programme at the General Election in 1906, and it did much to secure the return of the Liberal Party by such a triumphant majority at that election. Unfortunately, Mr. Lloyd George, in his Budget of 1909, introduced a principle which had never been suggested and was never supported by the advocates for the taxation of site values. I, for one, at any rate spoke against it, and my reason for doing so was that it would have the effect of making land dearer and more inaccessible; that it would penalise the man who wanted to use land by raising the price against him. This is exactly what has happened indeed one could give many instances where the vendor of land has sold subject to the purchaser paying the 20 per cent. increment, thus further taxing the man who wishes to use.

"A flat rate tax on the capital site value (apart from improvements) would have a totally opposite effect, and the small tax on the undeveloped value of land was a move in this direction, and for this reason its repeal is to be deplored. Out of the ruins, however, may be something more substantial may be erected.

"Whenever you use the term Land Reform a great many people either who own land or who have to make their living from it, quite unnecessarily as it seems to me, are up in arms against you. I would point out most emphatically that neither the farmer nor the owner of land who is willing to put it to its best possible use has anything to fear from the introduction of the taxation of site values as compared to the present system.

"Land is one of the gifts of God in nature which it was intended should be used to the fullest extent for the benefit of the human race, and just so far as our land system permits human beings to thwart God's purpose in this respect, so far is that system wrong. I argue, therefore, that our method of rating and taxation is wrong because it penalizes improvement and encourages idleness.

"To use Christ's parable of the talents it ought to be based on a system which would take away from the man who buries his talent or fails to use it, and gives to the man who uses his talent and thereby increases it. Unfortunately our system is just the reverse.

"Suppose a case of a man who buys some derelict land of very little value, which because of its uncultivated state contributes little or nothing to taxation or rating. He begins to cultivate it, to drain it, to plough it, to manure it, etc., etc., until after a series of years it produces good crops. He will soon find that the rating authority and the inland revenue authority come along and fine him for his enterprise by way of rates and taxes. Would it not be much better for the nation if the tax was rather on the unimproved value of the land, thereby encouraging the man who improves and penalizing the man who neglects to improve, until he is obliged by the force of that penalty to bestir himself or get out and allow someone else who will to do so? Where is the farmer who is doing his duty who need fear an alteration of the system such as is suggested here?

"Taxation, which is based merely on site value as distinct from improvements, will actually benefit the man who does his duty. Then again in all our large cities and towns we can find land which is being held up for a rise in value bearing little or no taxation, but when the man comes along prepared to make use of it, not merely is he called upon to pay whatever price the vendor demands, but having paid that high price and begun to use it he finds himself further penalized because he puts it to better use than the vendor did.

"By a reform on the lines of taxation which would tax the man who refuses to use himself, or allow others to do so, land would soon become more accessible to our unemployed ex-service men, who would not then be going to the Prime Minister pleading for something to be done for them, as they would have the opportunity of doing something for themselves.

"The shifting of taxation from improvements to site value I do not urge as a means of raising revenue or of inflicting greater burdens on the industrious, indeed, I think all those who are putting their land to proper use would stand to benefit thereby. I do believe that as a means of Social Reform, however, it would beat all the quack remedies of the Socialists, whether of the openly avowed school or belonging to the bastard type such as is to be found in the present Government, with their ever-increasing number of bureaucrats and innumerable orders in Council. Reform on the lines suggested, coupled with an improved system of education in methods of cultivation, etc., would confer greater benefits on the masses of the people, and therefore on the country, than all the artificial means now being tried to overcome the law of economics, which can never succeed.

"I would further urge that our system of taxing and rating improvements is absolutely opposed to the principles of Free Trade, as it means the taxation of commodities at the very source of production. Free Trade demands not merely that barriers which prevent interchange of commodities should be swept away, but also that obstacles to production should be removed. I trust that what I have said will meet your wishes in the way of a message to the meeting in the event of my not being able to be present, and that there will be no hesitation on the part of the meeting to carry the resolution unanimously.

"EVERETT BINNS."