

These duties are to be borne by the lessor, notwithstanding any contract, existing or future, to the contrary; and the lessee of the minerals has the same right of deduction from rent paid as in the case of Income Tax, Schedule A, both in respect of mineral rights duty [Cl. 20 (4); 21] and of increment duty [Cl. 22 (5)].

Where the proprietor himself works the minerals, the "annual rental value" is to be assessed by the Commissioners on the basis of the rent and conditions customary in the district [Cl. 20 (2) (b)].

Minerals which were already being worked, under lease or by the proprietor, on April 30th, 1909, are exempt from the increment duty, so long as they continue to be so leased or worked [Cl. 22 (2)].

Common clay, brick clay, brick earth, sand, chalk, limestone, and gravel are exempt from both duties [Cl. 20 (5); 22 (8)].

III.—THE VALUATION.

At its last annual meeting (July, 1909), the English League for the Taxation of Land Values unanimously adopted a resolution in which it "welcomed the provisions in the Finance Bill for giving effect to Mr. Lloyd George's pledge 'to provide machinery for a complete valuation on a capital basis of the whole of the land in the United Kingdom,' and urged the Government not to allow the Land Clauses of the Bill to be weakened in any way that may imperil the completeness and accuracy of the valuation."

It is satisfactory to note that none of the many concessions or changes made in the Bill have been of such a sort as to endanger the realisation of Mr. Lloyd George's great promise. It is true that agricultural land values have been exempted from taxation, and that mineral rights are now to be taxed on the basis of annual rental value. But even in the case of agricultural land and of minerals, valuation on a capital basis is assured.

1. *Method of Valuation.*—In the original Bill, "owners of land" were called upon to make the initial valuation, subject to amendment by the Commissioners. The amended Bill now provides that "the Commissioners of Inland Revenue [Cl. 96] shall, as soon as may be after the passing of this Act, cause a valuation to be made of all land in the United Kingdom" [Cl. 26 (1); 31 (2)]. Owners are no longer obliged to furnish estimates of capital value, though they may do so, if they think fit [Cl. 26 (3)], but they must furnish, under a penalty, such particulars as to ownership and tenure, area, character, and use of the land, purchase price, consideration for lease, rent, &c., as may be required by the Commissioners for the purpose of the valuation [Cl. 26 (2)]. Persons paying (or collecting) rent are to furnish, if required, the names and addresses of the landlord who receives the rent [Cl. 31 (1)]. Elaborate provision has been made for objection to, and amendment of, the Commissioners' valuation [Cl. 27], and, where necessary, for appeal against it [Cl. 33]. There is to be a quinquennial revaluation of "undeveloped" land [Cl. 28]. The Commissioners are to keep records of all valuations, &c., and to furnish copies of particulars, for a small fee, to interested persons [Cl. 30].

2. *Principles and Definitions.*—The most scrupulous care has been taken to separate land values from improvement values. This is shown not only in the main definition clause [Cl. 25], but by several small amendments which have been made in other clauses. Thus, words have been added to Clause 13 (2) which expressly exempt from reversion duty the value of any works executed or capital expenditure incurred by the lessor during the term of a lease. Similarly, the annual Mineral Rights Duty is not to be charged on any part of the mineral rent which represents a return for expenditure on the part of the proprietor of the minerals which would ordinarily have been borne by the lessee [Cl. 20 (2); comp. 22 (4)]. Expenditure (within ten years past) on development—in road-making, curbing, metalling, paving, and sewers—exempts one acre from undeveloped land duty for every £100 thus spent [Cl. 16 (2) (b)]. The new extension of relief from Income Tax under Schedule A, given in Cl. 69, in respect of expenditure on land and farm buildings, is another small step in the right direction. When the valuation is completed, it will be possible altogether to exempt improvement values from such taxation on a more scientific plan.

IV.—SUMMARY: GAIN AND LOSS.

A review of the principal changes made in the Finance Bill since its first introduction brings into stronger relief the

view which was upheld in the former Memorandum that "Valuation" and not "Revenue" is the keynote of this year's "Land Clauses." The "concessions" have reduced the yield of some of the taxes; one-half of their produce has been allocated to the local authorities [Cl. 91] in such manner as Parliament may hereinafter determine; the cost of the official valuation will absorb nearly all that remains. The net gain to the Exchequer this year is now estimated at £50,000 only.

But the valuation is made secure and universal. Its national and official character makes for uniformity. It is so necessary for and so dependent upon the taxation imposed as to be an indispensable and inseparable part of the Bill. The Budget gives very little direct relief from the burdens of taxation, national or local, on improvements; a small relief under Schedule A of Income Tax; a little indirect relief to the rates, which fall upon occupied and improved land only, out of the proceeds of taxes on unimproved land value. But the valuation lays the necessary foundation for a new system of taxation and rating under which improvement values will be exempted; and the extremely careful distinction between site value and improvement value, which lies at the heart of the Finance Bill, is in itself a full admission of the chief argument upon which the case for the taxation and rating of land values rests.

The ostentatious exemption of agricultural land values from taxation, at a time when large sums of public money are proposed to be spent, under the Development and Road Improvement Bill, largely in enhancing the value of agricultural land, and the amazing arguments by which supporters of the Government have defended it, are a heavy price to pay for the valuation. The change from the ungotten minerals duty to a tax upon mineral royalties—necessarily in large measure a tax upon the production from mineral lands—is a clear departure from principle, and is more in line with the present system of rating land according to the use that is made of it, than with the principle which underlies the undeveloped land duty. But neither the exemption of agricultural land, nor the taxing of mineral lands on a basis of annual rental, has been allowed to stand in the way of the valuation of agricultural land or of minerals on a capital basis. The one promise made in Mr. Lloyd George's Budget speech which was welcomed most enthusiastically by land reformers, because it went to the very root of taxation reform, is the one which he and his advisers have taken the utmost pains to fulfil.

The Finance Bill does not enact the Taxation of Land Values, as we understand it; but it lays the foundation for it. When the valuation is completed, it will be easy to put local rating on a land value basis. And although the partial and complicated taxes imposed by the Bill will put some difficulty in the way, it should not be altogether impossible within a few years to reform such national taxes as Income Tax, Schedule A, and the Inhabited House Duty by substituting for them a tax on land values apart from improvements.

POLITICAL SPEECHES AND WRITINGS.

MR. CHURCHILL AT DUNDEE.

Speaking at Dundee on October 19th, Mr. Churchill said:—*

The land monopoly is not the only monopoly that exists, but it is the greatest monopoly by far. It is a perpetual monopoly, and it is the mother of all other monopolies.

The unearned increment in land is not the only form of unearned increment which persons are able to derive, but it is the principal form, and it is the principal form which is derived from processes which are in themselves not beneficial, but actually detrimental to the rest of the community. Land, which is a necessity of human life, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position—land, I say, differs from all other forms of property in fundamental conditions.

Nothing is more amusing than the efforts of our opponents to confine the issue by trying to prove that other forms of property and profits are exactly similar to the unearned increment in land. They talk of the profits of doctors and lawyers which

*Under the heading, "The Meaning of the Land Monopoly," the United Committee are publishing the above as a four page leaflet. Prices: 6d. per 100, 4s. per thousand, carriage forward. Special prices for larger quantities on application.

have increased through the growth of the city in which they live, and also of the profits of railways through increased traffic, or of the profits which lucky individuals derive from a rise in stocks or shares, or even of the profits sometimes derived from works of art—and they ask, as if it were their only complaint, Why should you not tax all these too? But, gentlemen, look at it. Pictures, at any rate, do not get in anybody's way. They do not touch the business of production at any point; they do not affect in any way the creative processes on which the welfare of millions depend. If stocks and shares confer through their rise an unexpected or unearned or undeserved profit on their lucky holders, remember that profit has been made, however undeserved, not by the withholding of anything the public needs, but by supplying the capital without which industries could not be carried on.

If the railway gains more profits it is because it carries more passengers and more goods. It renders a service in return. If the lawyer or the doctor get higher fees in consequence of the growth of population in the towns in which they reside, it is because the lawyer pleads more cases and the doctor attends more patients, or more exacting patients. But at every point there is service, and at every point there is competition, for if the doctor or the lawyer charge more fees than their service is worth there is nothing to prevent other lawyers and doctors entering into competition with them. At every point there is competition.

LANDLORDS' PROFITS FROM COMMUNITY'S ENTERPRISE.

Compare these processes with the system under which the landlord who holds tracts of land in the centre or outskirts of a great city makes his unearned increment. He sits still watching the busy population around him making the city larger, richer, more convenient, more up-to-date in every respect. He sits still all the time roads and streets are made, railways made, electric lighting turning night into day, tramways driving to and fro, water brought from reservoirs hundreds of miles off in the hills; and all the time the holder of the ground values, the owner of the ground in the city sits perfectly still and quiet. Every one of these improvements has been effected at the cost of other people and by their labour, and a large proportion of them are effected by the rates, at the cost of the ratepayer. For not one of these improvements does the land monopolist (as a land monopolist) contribute in any way, and yet by every one of them his property is sensibly enhanced in value.

Follow the process a little further. The population grows year by year, and as it extends and expands the congestion of the poorer quarters becomes acute, rents and rates rise together, thousands of families become crowded together in one-room tenements. There are 120,000 people dwelling in one-room tenements in Glasgow alone at the present time. At last the land is ripe for sale—that is to say, the time is ripe for not holding up the land any longer—and then it is sold by the yard, or by the inch at ten, twenty, or even fifty times the agricultural value, which hitherto it had reached. The greater the population around the land, the greater the injury which the population has sustained through the protracted denial of the land, the more inconvenience the people have suffered, the more serious the loss in economic strength and energy, the larger will be the profit that the landholder will reap when the sale is ultimately completed.

I say that the profits of the land monopolist are on all fours with the profits of one of those American speculators who makes a great fortune by holding up through a corner some vital necessary of life like corn or meat or cotton, and that the profits of this monopolist, as, indeed, the profits of every monopoly, are reaped in exact proportion, not to the service done to the community, but to the disservice which is done to the community.

THE REWARD OF MONOPOLY.

Feel your way, gentlemen, to the strongly central principle in arguing this matter. It is monopoly. That is the keynote, and where monopoly profits, the greater injury to society, the greater is the reward of monopoly. See how this evil process strikes at the root of every social improvement and enterprise. The municipality wishing to have better streets and a more scientifically planned town is made to pay, and is made to pay in exact proportion as they have exerted themselves previously in making improvements. The more they have improved the town, the more they have laboured and expended time and energy and skill in the past the greater will be the price they will have to pay for any further improvement they may wish to make in the future.

The manufacturer who wishes to start a new industry—this is a question that affects the manufacturer as well as the workman—who wishes to put up a great factory employing thousands of hands is made to pay such a great price for the land that the land value hangs about his neck, hampers him in all his future dealings, clogs his entry into competition in any neutral market, hampers him in entering foreign markets much more than any foreign tariff. And that land value strikes down through the profits of the manufacturer to the wages of the working men.

AN ABUSE AND AN OPPRESSION.

Take the Railway Company which wants to build a new line for general advantage and convenience. It finds the land, which yesterday, before its intention was known, was mere agricultural land, purchasable at the smallest price, rated only on agricultural value—half the rates remitted under the Agricultural Rates Act—it finds that land has suddenly bounded up in price, has become of enormous value, and either the enterprise has to be abandoned or else it is conducted on terms which rob the public through the shareholders to a very great extent of the advantages which they had a right to expect would flow from the undertaking. It does not matter where you look—it does not matter on what industry or in what town or city in this country you look, you will find that every form of enterprise is only undertaken after the land monopolist has skimmed off the cream of all the profits for himself. It goes back to the land and the landowner, who in many cases is a perfectly worthy person, and who, possibly, unconscious of the processes by which he is enriched, is enabled with resistless force to extract—I won't say the lion's share, but an unjust share of the advantages and the profits.

Remember, I am attacking a system—I am not attacking individuals. I do not attack individuals who seek their profit where they may under the law as it exists. I attack the law. It is not these individuals who would be blamable—it is we, who should be blamable if we allowed an improper, unscientific, and unjust law to continue. The Budget, by the Increment Duty, by the Undeveloped Land Duty, by the tax upon reversions, and, above all, by the scheme of valuation—so that we know where we do stand in this matter—makes possible for the first time an effective inroad upon that great abuse and oppression which constitutes land monopoly.

MR. BALFOUR ATTACKS THE LORD ADVOCATE.

Speaking at a luncheon at the Junior Constitutional Club, on October 26th, Mr. Balfour said:—

There is a point on which I should like to say a word; and I take this opportunity of saying it because when I have to deal on the public platform, before public audiences, with great questions of policy, there is not really time to deal with these subsidiary but most important questions of political morality. The point to which I want just to call your attention and the attention of those who honour me by reading what I say, refers to the methods of conducting public controversies, the things which people permit themselves to say and the representations or misrepresentations which they permit themselves to use. (Laughter and 'Hear, hear.')

I do not wish to judge too harshly the expressions of an excited orator talking to an excited audience. They will be betrayed into rash and unjustifiable statements, and they pay the penalty. They have more or less given themselves over to their critics. They have used expressions which they cannot justify, and they must accept the natural penalty of that offence, and have those expressions thrown in their teeth in the ordinary course of political debate. But I do not wish to judge such lapses, however regrettable, in too harsh a spirit. It is the frigid and calculated lie which moves my indignation. (Cheers.) I really think it is an outrage, not upon a particular party, but upon something bigger than any party, upon the whole fabric of free institutions, that lies should be carefully thought out, deliberately coined, and then put into illegitimate circulation. (Hear, hear.) I have never allowed public differences to interfere with private friendship, and I hope I never shall. (Hear, hear.) Nevertheless, I do think that occasionally things are said which pass the line—(cheers)—and when they are said manifestly with deliberation, obviously with intention, and when they are repeated time after time, then I think no language of condemnation is excessive which is used to expose that enormity before the public. (Cheers.)