

Response to Opposition in Parliament to Land Value Tax

Winston Churchill, excerpt from speech, House of Commons, May 4, 1909, in response to A. J. Balfour, Leader of the Opposition

From Winston S. Churchill, *Liberalism and the Social Problem* (London: Hodder & Stoughton, 1909), in a chapter entitled "The Budget Resolutions," pp. 277-296

The immemorial custom of nearly every modern State, the mature conclusions of many of the greatest thinkers, have placed the tenure, transfer, and obligations of land in a wholly different category from other classes of property. The mere obvious physical distinction between land, which is a vital necessity of every human being and which at the same time is strictly limited in extent, and other property is in itself sufficient to justify a clear differentiation in its treatment, and in the view taken by the State of the conditions which should govern the tenure of land from that which should regulate traffic in other forms of property.

Unearned Increment

When the Leader of the Opposition seeks by comparisons to show that the same reasoning which has been applied to land ought also in logic and by every argument of symmetry to be applied to the unearned increment derived from other processes which are at work in our modern civilisation, he only shows by each example he takes how different are the conditions which attach to the possession of land and speculation in the value of land from those which attach to other forms of business speculation.

"If," he inquires, "you tax the unearned increment on land, why don't you tax the unearned increment from a large block of stock? I buy a piece of land; the value rises. I buy stocks; their value rises." But the operations are entirely dissimilar. In the first speculation the unearned increment derived from land arises from a wholly sterile process, from the mere withholding of a commodity which is needed by the community. In the second case, the investor in a block of shares does not withhold from the community what the community needs. The one operation is in restraint of trade and in conflict with the general interest, and the other is part of a natural and healthy process, by which the economic plant of the world is nourished and from year to year successfully and notably increased.

Landowner and Railway Co.

Then the right hon. gentleman instanced the case of a new railway and a country district enriched by that railway. The railway, he explained, is built to open up a new district; and the farmers and landowners in that district are endowed with unearned increment in consequence of the building of the railway. But if after a while their business aptitude and industry create a large carrying trade, then the railway, he contends, gets its unearned increment in its turn.

But the right hon. gentleman cannot call the increment unearned which the railway acquires through the regular service of carrying goods, rendering a service on each occasion in proportion to the tonnage of goods it carries, making a profit by an active extension of the scale of its useful business – he cannot surely compare that process with the process of getting rich merely by sitting still? It is clear that the analogy is not true.

The Glasgow Example

I do not think the Leader of the Opposition could have chosen a more unfortunate example than Glasgow. He said that the demand of that great community for land was for not more than forty acres a year. Is that the only demand of the people of Glasgow for land? Does that really represent the complete economic and natural demand for the amount of land a population of that size requires to live on? I will admit that at present prices it may be all that they can afford to purchase in the course of a year. But there are one hundred and twenty thousand persons in Glasgow who are living in one-room tenements; and we are told that the utmost land those people can absorb economically and naturally is forty acres a year.

What is the explanation? Because the population is congested in the city the price of land is high upon the suburbs, and because the price of land is high upon the suburbs the population must remain congested within the city. That is the position which we are complacently assured is in accordance with the principles which have hitherto dominated civilised society.

The “Poor Widow” Bogey

But when we seek to rectify this system, to break down this unnatural and vicious circle, to interrupt this sequence of unsatisfactory reactions, what happens? We are not confronted with any great argument on behalf of the owner. Something else is put forward, and it is always put forward in these cases to shield the actual landowner or the actual capitalist from the logic of the argument or from the force of a Parliamentary movement.

Sometimes it is the widow. But that personality has been used to exhaustion. It would be sweating in the cruellest sense of the word, overtime of the grossest description, to bring the widow out again so soon. She must have a rest for a bit; so instead of the widow we have the market-gardener – the market-gardener liable to be disturbed on the outskirts of great cities, if the population of those cities expands, if the area which they require for their health and daily life should become larger than it is at present.

What is the position disclosed by the argument? On the one hand, we have one hundred and twenty thousand persons in Glasgow occupying one-room tenements; on the other, the land of Scotland. Between the two stands the market-gardener, and we are solemnly invited, for the sake of the market-gardener, to keep that great population congested within limits that are unnatural and restricted to an annual supply of land which can bear no relation whatever to their physical, social, and economic needs – and all for the sake of the market-gardener, who can perfectly well move farther out as the city spreads and who would not really be in the least injured.