

## Testimony by Winston Churchill on the Finance Bill in response to Philip Snowden's call for the taxation of land values / 5 June, 1928

What are the two criticisms which the right hon. Gentleman has been able to select for adumbration this afternoon? He says that the Petrol Duty will be a burden. That is the first criticism. I have never denied that the tax on petrol will be a heavy one. I am very sorry, indeed, that I have had to impose a tax at all, and only a much more grievous need in another direction has led me to make this demand upon the motoring public, in order to find the money necessary to take a forward step. After all, it must be remembered that I am proposing constructive policies on the morrow of the disaster of 1926. More than £80,000,000 has been taken from the revenues of four poor years. But for that, I could have proposed all that we are proposing now and carry it into effect without placing a tax upon petrol. But, in all the circumstances, I submitted to the House, when the Budget was introduced, the broad argument as between the struggling basic industries on the one hand and this buoyant motor traffic on the other., as between our railways with the great interests and labour interests involved in their reasonable treatment and the ever-expanding cost of our road system. There is also the contrast between the position of our coalfields and the ever-growing importation of foreign liquid fuel, and surveying these three groups of alternatives, I submitted to the House and the country the proposition that it was well worth while getting this considerable revenue from a tax upon petrol and petrol-driver, transport, and devoting it to the relief of the basic industries from the extremely onerous and invidious incidence of the rates. But [48](#) I will never deny that it is an evil, or that I wish the revenues of the country had been such as to enable me to dispense with such a tax.

The right hon. Gentleman's second point, and the alternative which he suggests for the tax on petrol, I gather, is the **taxation of land values**—[An HON. MEMBER: "The rating of site values!"]—the taxation of land values or the rating of land values. The right hon. Gentleman read a speech of mine of some years ago, and one which, I am bound to say, was familiar to me, because I have taken the trouble to re-read some of those statements quite recently, and I am bound to say that, leaving out what you may call the partisan gloss, which, in times of sharp political conflict is prone to be introduced into our deliberations—leaving all that out, **I am not at all convinced that, among my arguments in favour of the rating of undeveloped urban land upon its true value, I employed any which were lacking in lucidity or reason.** In the years that have passed a good many things have happened, and we must take notice of these events. In the first place, a whole group of these land taxes were imposed. [An HON. MEMBER: "Never! A whole

group of these land taxes were imposed by the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) when he was Chancellor of the Exchequer—Increment Value Duty, Reversion Duty and Undeveloped Land Duty.

[§ Mr. MacLAREN](#)

Were these taxes on land values?

[§ Mr. CHURCHILL](#)

They were certainly taxes directed to absorbing what is called the unearned increment of the land. They were all imposed, and after 11 years the whole group of these taxes proved a total failure. They yielded in the 11 years only £1,300,000, and so disgusted was the right hon. Gentleman with the result of the taxes that he abandoned the whole policy when he was Prime Minister, in 1920. The right hon. Gentleman suggested that he was out of the country at the time the taxes were dropped, but I can assure him his memory has played him false. I have verified the records. I make not the slightest suggestion of want of candour.

[§ Mr. LLOYD GEORGE](#)

That these taxes were abolished without my know- [49](#) ledge and consent is not what I meant to suggest. That would have been a very unfair insinuation against the chancellor of the Exchequer. If I conveyed that impression I can only express my regret. It not what I meant. It was in right hon. Gentleman the Member for Carmarthen (Sir A Mond) as to something he had said when the matter was being discussed. I was not there when the discussion took place, but I have not the faintest doubt that I was consulted and assented to it.

*CHURCHILL*

I am not making the slightest reflection on the candour or the good faith of the right hon. Gentleman. After all, the torrent of events that swept across us in these tremendous years through which we have passed must necessarily have made it difficult for any Minister who has played the part he has done and been concerned with such a multitude of affairs to remember exactly what the particular course was. The fact is that the right hon. Gentleman presided over both meetings of the Finance Committee of the Cabinet in 1920 which decided on the changes of taxation in the Budget of that year. This was before he went to the San Remo Conference and he presided over both those meetings at the beginning of April, 1920, and agreement was reached on all the changes in taxation.

**But about site values and land values**—of course there is a lot of politics in them. Further, there are a lot of officials in them. When the valuation process was brought to an end by a later Government it was possible to retrench 4,000 officials, who would have to be replaced before this policy could be taken up again. [An HON. MEMBER: "Not at all!"] That is what I am advised. In addition to that., the right hon. Gentleman took into consideration the great disappointment of the yield. And so, though there may be a great deal of politics and a great many officials, and no doubt a great deal of litigation, as we have proved from what occurred, there is very little money in this policy. **The idea that we could use the rating of site values as a substitute for this powerful, fruitful fiscal engine of the petrol tax is one of the great delusions.** If we had to enter into a long discussion at present upon site values, that. would be the surest way of obstructing all practical creative reform in the direction of the relief of rates on industry, and the rest of this Parliament would be spent in very exciting but utterly sterile arguments on the subject of land values, and on the principles which you should apply to their rating or taxation, and we should not make the slightest progress towards the very solid, serious task we have set ourselves to accomplish. Therefore I do not intend to make more than one general observation upon the question of site values, except to say that it is the best method of stopping the rating relief of industry. But I will make this one further observation, and I will make it in an interrogative form. **Why did Mr. Henry George fail? He was a great advocate of the single tax and he has 51 one disciple, at any rate. Why did he fail, and why is it that his disciples are unable to carry on their political faith in modern times?**

[§ Colonel WEDGWOOD](#)

Because people turn their coats too often.

*HON. MEMBERS*

What have you done?

[§ Mr. CHURCHILL](#)

The right hon. Gentleman spoke then with less than his usual courtesy and with more than his usual obliviousness of his own record. I well remember the time when no one was more scathing in his denunciation of Socialism than he. Now, by a perfectly natural transition of mind, by a steady process of regeneration, he has reached a certain conclusion. He has reached finality. He has got to the bottom, as it were. **I do not in any way belittle the logic or the argument about the rating of land. What I say is that very great experiments in this field have been made**

and that they were found to have failed to such an extent that they were abandoned by their author.

Let me return to the question why Henry George failed in his single tax proposal. It was because he had been studying the world as it had been for generations and centuries, and arrived at certain conclusions on that basis, and the conclusion he arrived at was that land was practically the sole source of all wealth. But almost before the ink was dry on the book he had written it was apparent that there were hundreds of different ways of creating and possessing and gaining wealth which had either no relation to the ownership of land or an utterly disproportionate or indirect relation. Where there were 100 cases 20 years ago there are 10,000 cases now, and that is why radical democracy, looking at this proposition of the single tax—there are two enthusiastic single taxers left in this House—has turned unhesitatingly towards the graduated taxation of the profits of wealth rather than to this discrimination in the sources from which it is derived, and that is what we have done.

Let me point out what has happened in the last 18 years. When this question of site values was being discussed in the Budget of 1909 the Income [52](#) Tax and Super-tax together stood at the maximum, at 1s. 8d. in the £ it is now 10s. Death Duties were 15 per cent. on the highest estates, whereas they now reach 40 per cent. There is not the slightest doubt that very vast changes have taken place in the whole of the methods by which taxation is raised, and those who wish to embark on any controversy upon the taxation of land values in the future must address themselves to the facts as they exist in this completely changed situation.