HENRY GEORGE AND CHURCHILL'S LOST OPPORTUNITY

In "The People's Rights: Opportunity Lost?" (FH 112, Autumn 2001, 42) Andrew MacLaren wrote about the tax on land, proposed by the American economist Henry George and strongly championed by the young Churchill in his radical-liberal period in the early 1900s. George propounded that while people have the right to possess what they produce, or receive in exchange for work, there is no right to private ownership of elements: air, water, sunshine and (the most contentious element) land. It became "a major point of Liberal policy," MacLaren wrote, "to shift taxation from production and to raise taxation upon the value of land...The justice and practicality of this proposition can rarely if ever have enjoyed a more brilliant advocate than Winston Churchill."

Purely by accident, while looking up quotations, we fell over Churchill's explanation of why the tax on land didn't work, and remained a lost opportunity for him and the Liberals.

He was speaking, as Chancellor of the Exchequer, on the subject of Trade on 24 May 1928. From Robert Rhodes James, ed., Winston S. Churchill: His Complete Speeches 1897-1963, 8 vols., New York: Bowker, 1974), V:4421. Some paragraphing is added. -Ed.

"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 twenty 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 eighteen years. When this question of site values was being discussed in the Budget of 1909 the Income Tax and Super-tax together stood at the maximum, at 1s. 8d. in the pound; it is now 10s [half a pound]. Death Duties were 15 percent, on the highest estates, whereas they now reach 40 percent. 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."

LEADING CHURCHILL MYTHS