

## Surtax vs. Land Values

From *The Irish Weekly*, 21st January, 1928

OPEN LETTER TO MR. ARTHUR HENDERSON, M.P.

THE following is a copy of a letter posted to Mr. Arthur Henderson, M.P., last Monday in Glasgow, by a well known exponent of the Taxation of Land Values. The letter is as follows:

Glasgow, 16th January, 1928

Dear Sir,—In the *Evening News*, Glasgow, of last Friday, you are reported to have stated at Burnley that “the Labor Party was unanimous on the principle of the new surtax and that it is now a firm part of Labor’s financial policy.” In view of the many declarations you and other Labor leaders have made on Taxation of Land Values many people are wondering

*why the Labor Party is concentrating on slicing lumps off big incomes instead of on the policy of preventing them being obtained, by changing the economic tendency of wages going to subsistence level through Budget Taxation of Land Values.*

Mr. Ramsay Macdonald has stated:

*“Rent is a toll, not a payment for service. By it social values are transferred from social pools into private pockets and it becomes the means of vast economic exploitation.”*

You personally have made some notable and heartening pronouncements in favor of Land Value Taxation, pointing out—“It seeks to open the way to the natural resources from which all wealth springs.”

A surtax on incomes will not force idle or partially-used land into use. Diverting incomes which are being spent, into the National Exchequer will not create thousands of new jobs in almost every county in Great Britain, but this is what a drastic Land Value Taxation Budget would accomplish.

It seems to me a mystery why the Party should concentrate on a miserable shibboleth like the Surtax, with its questionable capacity as a revenue-raising device, whilst in thoughtful circles there *is no question about the capacity of a Land Value Tax to raise millions and enable a Labor Government to abolish all food taxes.* Surely it is more important for Labor to give a pre-eminent place to the taxation of Land Values, which compelling all the valuable natural resources of the country to be developed, would solve the present curse of life in Great Britain—unemployment—cheapen the price of land, burst monopoly prices for sites, and stimulate industry.

In your Burnley speech you state a Labor Government would “seek to readjust the burden of taxation more closely in accordance with ability to pay.” I commend to your notice the views enclosed of your colleague, Colonel Wedgewood, on “the ability to pay doctrine.” If Labor assumes office and attempts in its first Budget to tax Land Values and also a surtax on income, no L. V. disciple would be seriously alarmed, but the prominence being given to

Surtax raises the suspicion that Labor is going to shelve Land Value Taxation in its first Budget and that *we are going to be sold again as we were in Lloyd George’s alleged famous Budget and in the last Labor Government’s Budget*, though a year previously Mr. Snowden declared in the House, in reference to the “economic value of land:” *Let there be no mistake about it: When the Labor Government does sit upon those benches it will not deserve a second term of office unless in the most determined manner it tries to secure social wealth for social purposes.”* (Page 194. “Land Value Policy,” by J. Dundas White, LL. D.)

Now, may I point out that the Labor Party, in its first Budget, in the “most determined manner avoided the Taxation of Land Values.” If the Party will persist in putting forward proposals like Surtax that are so easily punctured, and fails to put in force the *tax that cannot be shifted* to the supreme position in its policy and programme, it need not wonder if the Labor vote makes little increase in the constituencies, when the Whigs can side-track the tax that would open up a new era in social and labor conditions, compelling owners of land to do what they never had to do before—search for land users.

I am, faithfully,

J. O’D. DERRICK.

P.S.—I am sending a copy of this letter to the Press.  
Mr. Arthur Henderson, M.P., House of Commons, London.

### VIEWS OF COLONEL WEDGEWOOD, M.P.

The following is the newspaper cutting posted Mr. Arthur Henderson, M.P., referred to in preceding letter:—

In popular thought the idea is current that the basis of taxation ought to be “ability to pay,” which, in essence means the more industrious you are all the more taxes you have to pay, and that the lazy will be lightly taxed. Colonel J. C. Wedgewood, M.P., in “Essays and Adventures of a Labor Leader,” page 179, writes:

“If one class benefit it is only right that that same class alone should pay. Harold Cox used to call it ‘taxing red-headed men,’ to point out its absurdity. If the red-headed men take and divide plunder I can see no wrong in asking them to find cash. But the question puzzles others than those wilfully blind. We have got so bred into us the idea that taxation should be according to ability to pay, that we cannot realize the justice of any other system—we cannot realize that taxation might in reality be payment for services rendered. The taxation of land values cannot be squared with taxation according to ability to pay. We have discovered the futility of that cliché. We know now that the persons who actually pay according to their ability *have in reality the best facilities for passing their tax on to the consumer*—that their payment is camouflage. On such a basis you hit the poor, not the rich who can afford to pay. The basis of ‘ability to pay’ is ineffective; it is also, even in its origin and still more in its result, unjust. Far better and far juster is our basis—that taxes