

LAND VALUES

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"We would simply take for the community what belongs to the community—the value that attaches to land by the growth of the community; leave sacredly to the individual all that belongs to the individual."—*Henry George.*

THE BUDGET.

If the war proceeds there will be more war budgetting, particularly as it appears to have become a habit to introduce two budgets a year; and I, or my successor, will then have an opportunity of incorporating some of the valuable suggestions which I have received.—**THE CHANCELLOR OF THE EXCHEQUER.**

In the course of his financial statement Mr. McKenna said that the total daily rate of expenditure from now onward would be £4,500,000, and in the later weeks of the financial year it would have risen to £5,000,000. In other words, the expenditure amounts to two shillings a day for every man, woman, and child in the country. Such an enormous expenditure obviously requires an unprecedented financial measure to meet it. We do not object to increased taxation. On the contrary, seeing that this expenditure must be made, we are heartily in favour of raising as much as possible by immediate taxation.

The expenditure must be met by taxation in the end. If at the time it is made it is met partly by taxation and partly by borrowing, this inevitably means that the poor will pay more and the rich less than would otherwise be the case. This fact is simple and obvious. If all the persons who contribute to the war loan were eventually to be called on to pay the taxation necessary to pay interest on the loan and to pay it off, no one would subscribe to war loans. There would be no virtue in them but for the fact that they penalise those who are unable to subscribe for the benefit of those who are able to do so. What we have stated does not, of course, apply to foreign loans, but they occupy a minor place in our present calculations.

For these reasons, then, it is infinitely better to meet expenditure directly by taxation instead of by loan. The Chancellor of the Exchequer has not attempted to do this, for he stated that another loan would soon have to be made. What has he done? On the existing basis

of taxation the revenue for the year will amount to £272,100,000. The new taxation, including the new revenue from postal charges, will this year yield £32,900,000, and there will be a deficit of £1,285,000,000. This is the enormous sum that will have to be found by borrowing, and that will press with disproportionate severity on the poor as compared with the rich.

What are the objects of the new taxation? The Chancellor of the Exchequer stated them thus: "To obtain revenue is now and always the first object of taxation. But at this time there are other objects which must not be left out of view. . . . We have to tax now with objects beyond revenue, with objects which are purely temporary, and without regard to the permanent effect upon trade. We must look at the state of our foreign exchanges. We must discourage imports." And with these sentiments, Mr. McKenna, who professes to be a free trader, has abandoned the whole Free Trade position. Undoubtedly some of the foreign exchanges are going against this country. This simply means that more is being purchased from abroad than can conveniently be paid for. As the value of British money falls on the American exchange, the Americans will demand higher and higher prices for the goods they sell to British purchasers. This in itself is quite sufficient to prevent goods being imported into this country. What is really embarrassing the Government is that they want to purchase more and more munitions from America while at the same time they seek to direct more and more labour and capital to making munitions here. Just as fast as they do this the problem of making goods for export to America to pay for purchases from there will become difficult. The only means of meeting this situation, leaving aside the question of an American loan, is for the Government to take more wealth from the citizens of this country either by loan or preferably by taxation. To adopt the attitude taken up by the Chancellor of the Exchequer is to say that it does not pay to buy in the cheapest market, to deny the whole basis of free trade, and indeed of any kind of free philosophy. If private persons, for it is against private persons that the new protectionist taxes are directed, are buying American goods, it is simply and solely because it pays them to do so. If the Government does not choose to take their wealth for its own purposes the new import duties will benefit neither them nor the Government.

Apart from this unwarrantable inroad into the principles of free trade, what is the nature of the new taxes? They are simply an increase of the old taxes with all their inequalities and injustices. The new taxes, including the additional receipts from the Post Office, are estimated to yield in the current financial year a little under £33,000,000. Of this the new direct taxes (so-called) are estimated to yield £19,424,000, leaving £13,480,000 to be raised indirectly. Some of the "direct" taxation will fall immediately on people with comparatively small incomes, a great deal more of it will

be slowly but surely shifted on to people other than the immediate payers of the taxes. The "indirect" taxes, being taxes on commodities of universal consumption, will obviously fall for the most part on people with small incomes. So the net effect of the new taxation will be to impose an enormously disproportionate share of public burdens on the poor who are already paying an extremely unjust amount in taxation.

The new taxation, therefore, sets all principles of taxation at defiance. It contradicts Mr. McKenna's own dictum that "we must also keep in view the necessity of not interfering with the trades that are most lucrative to us and upon which our exports depend." The Chancellor of the Exchequer has made not the slightest attempt to impose the one kind of taxation which is perfectly certain in its incidence and which has no ill effect on trade. Although he has raised the income tax to an unheard of figure, thus burdening to an enormous extent those who are making good use of the natural resources of the country, he has allowed those who make no use of their land to continue escaping scot-free. Even as between the landlords themselves, setting aside the prior claim that the people of this country have on its land values, this is in the highest degree unfair and unequal. Of men who own lands of equal value, one who uses his land to the fullest extent is subject to the full burden of the income tax on the annual value of his land; another who is using his land inadequately, will pay much less; while a third who is holding his land idle escapes free of taxation. It is obvious to any one of plain commonsense that this is an injustice.

Some classes of the community must pay more and some less of the new taxation; but all must pay except one—those who are holding out of use the natural resources of this country. No reasonable land reformer expected the Chancellor of the Exchequer to raise all the new taxation by means of a tax on land values, but there was no good reason why he should not have raised some of it in that way. The Valuation on its existing basis is practically completed except for appeals and other legal difficulties. It might easily and quickly have been readjusted so as to give as accurate a basis as is necessary for a general tax on land values. Instead of using this means of redressing the injustices of our system of taxation, the Chancellor has dismissed a large proportion of the staff of the Valuation Office, depriving of all value the assurances he gave to the deputation from the Land Values Group but a few weeks ago. This is a betrayal of Liberal principles only equalled by the imposition of protectionist import duties. This action will not pass unnoticed. The Land Values Group may be trusted to make their protest felt in the House of Commons.

The Chancellor in his Budget speech referred to the

many valuable suggestions he had received and which might be included in his next Budget. There is one proposal that he did not need to receive any suggestions upon, the taxation of land values, for he has himself declared his belief in it. If he does believe in it, if he does understand it, then this was the time to put it into operation. There is an unprecedented demand for revenue, and there is a demand that, in spite of the absence of three million producers under arms, the production of wealth should be greatly increased. The production of wealth may be increased by longer hours and greater intensity of labour, but it may also be increased, and much more effectively, by securing to labour the best means of production. The holding of highly valuable lands out of use, or but partially used, means that labour is compelled to make use of less productive lands, lands which give a much smaller return to the labour and capital expended on them.

If the production of wealth is to be increased when so many producers are withdrawn from the field of production, surely the simple and reasonable thing to do is to force the most productive lands into use; and to do this by taxation which will help to solve the revenue problem also. Mr. McKenna has failed to touch this problem. He has decided to levy his taxation so that it will continue to be a grievous burden upon the workers, so that it will hinder production and make more unequal the distribution of wealth, so as to leave the monopolist the power to deny the labouring masses an opportunity of earning a living on the land of the country they are toiling and dying for. Meanwhile in the months that will elapse till his next Budget is introduced, the Chancellor will have time to consider whether he will not be the means of levying the taxation of the country more justly and of throwing open to the people their just share of their natural heritage.

F. C. R. D.

THE LAND VALUES GROUP AND THE BUDGET

A well-attended meeting of the Executive of the Land Values Group was held on September 23rd at the House of Commons, under the presidency of Mr. C. E. Price, M.P. A discussion took place on the proposals contained in the Budget, and the following resolution was unanimously adopted on the motion of Mr. J. Dundas White, M.P., seconded by Lieut.-Commander Wedgwood, M.P. :—

"The Executive of the Land Values Group in the House of Commons profoundly regret the action of the Government in including in the Budget various import duties which contravene the principles of Free Trade and increase the taxation of food, while wholly neglecting the fundamental principle that those who hold the land ought to make a special contribution to its defence; and they urge the Government to impose, without delay, a National Tax on land values throughout the United Kingdom"