

THE AUTHOR'S edition of 500 copies of *Progress and Poverty* was published in 1879. In 1880 it was published by D. Appleton & Co., New York, and in the following years it began to sell in large numbers. The name of Henry George became known, and people were attracted to see and hear him explain his proposals.

A vigorous land agitation was in full swing in Ireland, and he thought that this would draw attention to his ideas. He received a warm welcome there because his ideas fitted in with the general denunciation of landlords, especially English and Protestant ones. His practical proposals, however, met with little success. One faction stood for the "three F's" (fixity of tenure, fair rents, freedom of transfer). Another demanded Government land purchase with a view to resale to tenants on easy terms. The Irish leaders clung conservatively and tenaciously to their adopted policy and the agitation continued to be an agrarian or rural movement. (Many years later I presented a paper on rating [local taxation] of site values to the Annual Conference of the Association of Irish Municipalities in 1938. It was heard with attention, but the Secretary, a wise old man, said to me afterwards: "We will do nothing in this country unless you do it first in England".)

THE SITUATION in Great Britain in the 1880s differed from that in Ireland. Henry George was heard with enthusiasm. His message was welcomed in the urban areas more than in the rural ones. The idea of local taxation of land values was taken up by many local authorities. Soon after its creation in 1889 the London County Council supported it actively, and so did the largest local authority in Scotland, the Glasgow Town Council. By 1891 the Liberal Party had adopted taxation of land values as part of the "Newcastle Programme".

A few examples may help to indicate the profound effect of Henry George's ideas on British thought. As early as 1885 the Royal Commission on the Housing of the Working Classes (one of whose members was the Prince of Wales, afterwards King Edward VII) recommended that vacant land suitable for building should be assessed for local taxation on a percentage of its market value instead of being exempt under the existing system. Some members of the Commission dissented from this proposal.

The Royal Commission on Local Taxation which reported in 1899 gave considerable attention to taxes on site value. The majority rejected it. A minority signed a separate report recommending that at least a minimum should be imposed on site value. The minority was composed of men of considerable distinction: Lord Balfour of Burleigh, the Chairman, Sir Edward Hamilton, Permanent Secretary to the Treasury, Sir George Murray, Chairman of the Board of Inland Revenue, Lord Blair Balfour (afterwards Lord Kinross), a Judge of the Court of Session in Scotland, and the Rt. Hon. James Stuart, M.P.

In the House of Commons in the first five years of this century Bills for rating site values were introduced several times. One in 1904 got a second reading with a majority of 67. In the next year another was carried on second reading by 202 votes to 112. The majority included 22 Conservative members.

The General Election of 1906 gave the Liberal Government an overwhelming majority in the House of Commons. On February 26 a deputation representing 518 local authorities who supported the rating of site values was received by Mr. Asquith (Chancellor of the Exche-

## LAND TAXATION

# Victim of A Vague Socialism

BY LORD DOUGLAS  
OF BARLOCH

quer) on behalf of Sir Henry Campbell Bannerman (the Prime Minister) who was ill.

ON MARCH 23, 1906, a Bill for local taxation of site values in Scotland received a second reading by 319 votes to 61. The Government took the unusual step of moving to refer it to a Select Committee. Its report was a masterly survey of the question. It concluded that site value should be the sole basis of rating in Scotland. It recommended that the first step should be the introduction of a Bill providing for a valuation of site values.

This measure, the Land Values (Scotland) Bill 1907 was read a second time in the House of Commons and carried by 294 votes to 76. The House of Lords defeated it in second reading. The Bill was reintroduced in the House of Commons in 1908, passing the second reading by 363 votes to 99. The House of Lords amended it so that it became worthless.

It was evident that no legislative progress could be achieved on those lines. The alternative was to include some measure of taxation of land values in a Finance Bill with which it was believed, on long standing precedents, the House of Lords would not interfere. It was left to the Chancellor of the Exchequer (Lloyd George) to work out the details. During the Parliamentary recess Lloyd George went off to Cannes to play golf and when he came back it was some time before he devoted any work to the Budget. Sir Charles Hobhouse, a member of the Cabinet, said he "won't read and can only pick up ideas by talking." C. F. G. Masterman, another ministerial colleague and one who liked him, found him "very erratic and unmethodical." *The truth in my opinion is that he never understood the economic principles on which the proposal was based.*

Between March and April the Cabinet devoted most of fourteen sittings to the Budget. It would seem from one Cabinet document that has survived among his papers, that Lloyd George was proposing up till March 16 a

**L**ORD DOUGLAS of Barloch, KCMG, died on March 31, at the age of 90. He completed this article last year as a contribution to the centenary celebrations that marked the publication of Henry George's *Progress and Poverty*. It covers a period through much of which he was politically active in many ways, writes Vic Blundell.

Ross Douglas (as he was then known) was a solicitor and accountant who entered the House of Commons in 1940, representing Battersea North for Labour. At the time, he was a member of the United Committee for the Taxation of Land Values; he resigned when he took his seat in Parliament.

In 1946 he was appointed Governor of Malta, a position he held until 1949. He later became a member of the House of Lords



and in 1962 was appointed Deputy Speaker.

Before the second World War, Douglas wrote regularly for *Land & Liberty*, of which he was assistant editor. He was author of many pamphlets on the land question and other aspects of the Henry George philosophy. His book *Land Value Rating* was published in two

editions. His paper, *Karl Marx's Theory of Surplus Value and Land Rent*, has been reprinted many times.

In the field of site-value rating he was the acknowledged expert, and as chairman of the finance committee of the former London County Council he did much to popularize this reform, pressing with vigour for its adoption.

Among his other interests to which he devoted his energies in writing and speaking were soil fertility and nutrition; he was also a strong opponent of the fluoridation of water supplies.

Lord Douglas was a reticent man, always courteous and always precise. While not a colourful speaker, he expressed himself with notable clarity with his excellent diction, impeccable logic and mastery of the English language.

simple tax on land values at the rate of 1d. in the £ on the capital value (roughly 2s in the £ on annual value).

From Asquith's Cabinet report to the King it appears that on March 19 the plan was changed to a tax on the increment on sale or death since the last valuation, and a tax on undeveloped land suitable for building. A tax on the ground rent of land already built on was rejected.

The Budget was presented to the House of Commons on April 29. It contained in addition to those mentioned, a tax on the value accruing to a lessor on the expiry of a lease and a tax on mining royalties. This ill-assorted and illogical collection of taxes called "duties on land values" was undoubtedly a disappointment to many Liberal and Labour supporters of the Government, but they were faced with a *fait accompli*. A movement of revolt would have brought down the Government. Lloyd George himself was deluded when in his Budget speech he said that it would provide a valuation that could be used for local taxation.

The Finance Bill which was to give legislative effect to the Budget, despite the absence in it of a real tax on land values, was bitterly opposed in the House of Commons. It occupied seventy-two days including many all-night sessions. It was nearly the end of the year before the Bill was sent to the House of Lords, which rejected it on second reading. A general election was held in January 1910.

**D**URING THE election Winston Churchill made a noteworthy speech at Derby saying "At the moment when their opponents were forging fresh chains of monopoly, Liberals were prepared to break the old chains which had long oppressed the national land. Land Reform and Free Trade stood together. They stood together with Henry George and Richard Cobden, and they stand together in Liberal policy today."

The Liberals and the Conservatives gained almost equal numbers of seats, but the Labour Party who were pledged to the Budget gained 40 and the Irish Nationalists 82. The

latter were not agreed among themselves and many disliked the Budget, but they wanted Home Rule and they knew that they could get it only from a Liberal Government. The Finance Bill was quickly reintroduced and allowed to pass in the House of Lords. It became law nearly a year after the proposals were first made.

The Government then introduced the Parliament Bill which removed the power of the Lords to reject or amend finance bills, and limited generally their powers to obstruct measures passed by the Commons. This is not the place to detail the struggle over this measure. Suffice it to say that another election was held in December 1910, yielding much the same result as in January, and the Lords then submitted and passed the Parliament Act. *Thus it was that the movement of land reform initiated by Henry George brought about one of the most dramatic changes in British constitutional law.*

On the other hand the action of the House of Lords diverted the movement for taxation of site values from its evolution via local taxation where it had many Conservative supporters, and put it into national taxation where the Conservatives felt obliged to oppose it.

The Land Values Group of MPs soon began to press the Government. On August 3, 1910, they presented to the Government a Memorial outlining their wishes signed by 143 Liberal and Labour members. Next year on May 18 they presented a similar Memorial to the Prime Minister and the Chancellor of the Exchequer signed by 178 MP's.

Despite continued pressure it was not until the Budget of 1914 that further progress was made. In his Financial Statement, May 4, Lloyd George said: "We are of opinion that a national system of valuation for local taxation must be set up... We propose... the assessment of the real value of property separating the site value from the improvements." Alas, on August 4, the first world war broke out; all controversial legislation was put aside.

● *Cont. on page 75*

## DOUGLAS: Cont. from P.71

**D**URING THE war Asquith was ousted from his position of Prime Minister and was replaced by Lloyd George at the head of a coalition government. A rift developed in the Liberal Party.

The Land Values Duties which had been suspended during the war were finally repealed.

Speaking in the House of Commons on May 6, 1931, Lloyd George explained that this was a compromise forced on him by the coalition Government. Such compromises do not last. Another Parliament with a purely Conservative majority repealed in 1923 the last vestiges of the Budget of 1909.

Eventually the minority Labour Government in 1931 introduced a measure for taxation of land values in its Finance Bill. Phillip Snowden was Chancellor of the Exchequer. He had long been a firm supporter of this principle and understood it well. On this occasion the Bill was well drafted and free from blemishes. During its passage through Committee I was in constant touch with Snowden and provided him each day with a comment on new amendments as they appeared on the Order Paper. The only concession of substance, forced on Snowden by the Liberals on whose support the Government depended, affected somewhat the yield of the tax but left the valuation provisions unimpaired.

Ill fate again intervened. The measures for dealing with the economic crisis disrupted the Labour Government. It was superseded by a coalition. The land value tax provisions were put in abeyance, and eventually repealed by a Conservative Government which came into power as a result of the General Election of 1935.

A number of local authorities continued to demand power to raise revenue from site values. The most notable was the London County Council, on which the Labour Party gained a majority in 1934 after 21 years of Conservative rule. I was among those then elected and I persuaded the leadership to refer the rating of site values to the Finance Committee.

After considering an excellent report by the officers of the Council detailing the history of previous efforts on behalf of the rating of site values and the arguments in its favour, the Committee reported that the Council should seek power to raise revenue in this way. A request to the Government to introduce legislation met with a refusal. The Council then decided to promote a private Bill applying only to the County of London to enable the reform to be instituted there. This was ruled out of order by the Speaker on the ground that so important a change was not suitable for private legislation and could be done only by a public Bill.

The Rt. Hon. Herbert Morrison, M.P., who was then the Leader of the Council, moved a resolution in the House of Commons asking for leave to introduce a Bill under the "ten minute rule." This was defeated. No further progress was possible while a Conservative majority held power.

**T**HE SECOND World War broke out. Parliamentary elections were postponed until 1945. The Labour Party then gained a very large majority. On the morrow of the election I ran into Aneurin Bevan, and he said to me: "These are the times when dreams come true." I did not know that he was destined to become Minister of Health (which then included Local Government). He resembled

Lloyd George — a brilliant orator but not a deep thinker. He did not understand the importance and the profound effect which taxation of land values could have. He resorted to the ancient device of ignorant or procrastinating Ministers and referred the matter to an interdepartmental Committee to consider and report.

Meanwhile another Minister, Lewis Silkin (afterwards Lord Silkin), introduced a planning bill which contained among other things a provision for a "development charge" on the grant of planning permission. This was thought by many people to be an effective means of collecting land value revenue. This was a delusion. Instead it interfered with the proper operation of planning provisions and was ultimately repealed by a Conservative Government, only to be re-enacted in different forms by two subsequent Labour Governments.

The sad fact is that at the election of 1945 many good supporters of land-value taxation had retired, and a number (mainly Liberals) were defeated. Many of the young men elected as Labour members were political novices who were devoted to a vague socialism which involved raising much revenue by no matter what means from those who appeared to be rich and redistributing it in cash or kind to sections of the population arbitrarily classified as being in need. Many of their opponents seemed to be victims of the same outlook. This is not the place to elaborate this theme. The lesson is obvious: a much wider diffusion of understanding of basic economic principles is imperative.



### The Pope and 'land for the people'

**DURING** the early stages of his visit to Brazil in July, the Pope repeatedly warned that social justice should not be achieved through class conflict. But by the time he reached Recife, he was denouncing the maldistribution of land which left people suffering from "poverty, hunger, ill health, illiteracy and insecurity". And he said people had a right to land. He denounced land-grabbing. "Land is the gift of God which he gives to all human beings", he declared. But he failed to advocate a workable mechanism for ensuring both equity and economic efficiency in land use.

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