

12 TRIUMPH AND DISASTER

I regret very much that the Valuation Bill is not in the Budget. . . . I am speaking here from some sort of bitter experience of an attempt at establishing a valuation We have learnt by experience that the only way to make a valuation of that kind effective for taxing purposes is to make it as simple and direct as possible. I hope that the Chancellor of the Exchequer will bear that in mind, and that he will read the Budget of 1909-10 in order to know what to avoid.

D. Lloyd George
House of Commons 16 April 1930

The tragedy of the 1929 Labour Government is much like that of the 1924 Government, drawn on a larger scale. Yet there were important differences. In 1924, the active support of the Liberals was essential to preserve the Government from defeat; in 1929, the Labour Party was the largest single Party in the House, and therefore the Liberals could abstain without destroying the Government.

As in 1924, Labour would neither seek a *concordat* with the Liberals (until it was already too late), nor yet would the Government produce distinctive policies of its own and defy the Liberals. The essential and crucial difference between the first two Labour Governments, however, was the world economic situation in which they found themselves. In 1924, unemployment was indeed high in Britain and in most industrial countries, but it was not rising very rapidly; while the formation of the 1929 Government was followed within a few months by the "Wall Street crash"; and by 1931 the unemployment figures both in Britain and in most other important countries had vastly exceeded all precedents.

The land question in one form or another was bound to play an important part in political relationships under the Second Labour Government; yet the part which it did play was very different from what could reasonably have been anticipated. A good example of this was provided by the Government's treatment of the coal industry. The condition of that industry had

been a matter of great and universal concern for many years. The Sankey Commission which reported on the situation in 1919 was deeply divided on many of its proposals, but one of the points of agreement was that coal royalties should be collected by the State. The same proposal was made in the report, *Coal and Power*, which resulted from Lloyd George's enquiry in 1924. It was made again by the report of the Royal Commission headed by Sir Herbert Samuel, in 1926. Whether the royalty owners should be compensated or not was a matter of acute political controversy; the principle that land rights should be taken over by the nation was scarcely disputed by the various authorities who investigated the matter. There were raging disputes as to the relative blameworthiness of capitalists and workers for the industry's predicament; nobody could deny that the removal or reduction of the burden of royalties¹ would prove of general benefit.

On 2 July 1929, the King's Speech promised legislation on the coal industry, to deal, *inter alia*, with the ownership of minerals. From all this, it might reasonably be expected that something would be done about mining royalties. Astonishingly, nothing was proposed on the subject. The Government's Coal Bill took an unexpectedly long time to emerge. When it did appear, near the end of 1929, it raised highly controversial questions concerning "rationalisation" and hours of employment; yet the fundamental issue of land ownership was not touched.

No less remarkable was the Government's tardiness in applying the policies which the Labour Party had proposed on agriculture and rural land. Only after much pressure from Lloyd George were any significant steps taken to deal with the worsening situation. MacDonald was at last driven to extend invitations to the other parties to co-operate with the Government in handling the matter. In June 1930, Lloyd George gladly accepted the invitation; Baldwin, for the Conservatives, at first hesitated and then refused.

The product of this co-operation between the Government and the Liberals was the Agricultural Land (Utilisation) Bill, which appeared in November 1930. It was proposed that the Government should be empowered to spend up to £6 millions to acquire land for drainage and other purposes. The Government would also be empowered to make smallholdings available for unemployed men who were able to cultivate them, but who could not afford

to acquire them from the local County Council. The Bill was welcomed by the Liberals, although the scale of operations proposed was far below that suggested in their own earlier recommendations. There was opposition from the Conservatives, and a number of amendments were advanced by the Lords. A compromise between the two Houses was effected, and the Bill eventually secured Royal assent at the end of July 1931. The Labour Government itself survived the enactment by less than a month, and the whole situation was drastically altered by its successor.

On the central and crucial question of the valuation and taxation of land values, the history of the second Labour Government was no more impressive, but a good deal more spectacular. Snowden's own wishes were well known, and these were reinforced by a petition which he received just before Christmas 1929, signed by 165 Labour and Liberal backbenchers, urging that "the taxation of the market value of all land will be included in the next Budget".²

The land-taxers, however, were soon disappointed, for the Chancellor made no land-taxing proposals in his 1930 Budget. He did promise, however, that the Government would introduce "forthwith" a separate Bill for land valuation. Labour land-taxers like MacLaren and Wedgwood, and also Lloyd George from the Liberal benches, criticised Snowden for failing to use the Budget for the purpose, pointing out that it was open to the Lords to block a Valuation Bill.

On 8 May, a Government spokesman indicated that Snowden hoped to introduce the Valuation Bill in the following week, and take the Second Reading the week after. The Cabinet examined the matter on 14 May, and held the same view; on "present intentions" the Bill would be introduced on the following day, and the Second Reading taken on 21 May.³ Almost immediately, however, a snag appeared. By the Cabinet meeting of 21 May, no agreement had yet been reached between the Ministers themselves on the question of the valuation of agricultural land, and it was felt that further discussions between the Chancellor and his colleagues were necessary. MacDonald said that "owing to considerations of Parliamentary time, he was rather loath to encourage the belief that this Bill could be passed in the present Session."⁴

On 6 June 1930, just before the Whitsun recess, the Chancellor

at last presented the Bill, which received its First Reading. Snowden opened his heart to Wedgwood:— “. . . It has been a devil of a job to get anything approaching agreement between rival views and even now I am sure there is much which will not satisfy you. The first trouble has been about agricultural land. Three times these clauses have been fundamentally altered. . . . The other point is the minerals. These are excluded . . . Parliamentary business is in a state of utter chaos and we shall have to drop many of our Bills or sit through to the middle of September. I am very anxious to get this Bill a Second Reading and let it go to a Committee . . .”⁵

On 25 June, MacDonalld gave a list of the Bills with which the Government proposed to deal before the end of the current session. It did not include the Land Valuation Bill.

Nevertheless, the Chancellor would not allow the matter to be forgotten. At the Cabinet of 23 July, he circulated a Note concerning a revised Land Valuation Bill, which had been modified as a result of suggestions made by Wedgwood and Lord Parmoor. The Cabinet minutes record that: “Though the Chancellor of the Exchequer did not pretend that the Bill even now was satisfactory, in order to give an earnest of good faith in the matter he proposed to publish the Bill, prefacing the publication by an avowal to the effect that he was circulating the Bill for the information of Members and that he would be ready to consider any suggestions which might reach him in regard to the Bill before the time comes for its reintroduction next Session.”

Snowden managed to get the Bill published on 30 July — two days before the end of the Parliamentary session. He was specifically requested by his colleagues to make his answers to questions on the subject as noncommittal and provisional as possible.⁶

For a time, the land-taxers had some real hope of at least getting the Valuation Bill properly considered by the House of Commons, even though its fate in the Lords was not likely to be a happy one. Susan Lawrence, who was both a junior Minister and the current President of the Labour Party, told the Party's Conference at Llandudno on 6 October that the Government Valuation Bill “will, no doubt, have a stormy passage through the House of Commons and the House of Lords, but I assure you it is the Government's intention to place it on the Statute Book”.

With this encouraging statement, however, the Bill suddenly

stuck, as the Government changed its mind yet again. On 17 November, Snowden told the Cabinet "that conversations with leading Liberals and supporters of the Government indicated a preference for the plan of incorporating the provisions of the Land Valuation Bill in the next Budget".

The next positive step was the introduction of land valuation and taxation proposals into Snowden's Budget, which was brought out on 27 April 1931. By common consent, these provisions were regarded as the most important innovations among the Government's financial proposals. Snowden himself later explained the circumstances in which land valuation and taxation had been brought together in the Budget: "I proposed to include in the Finance Bill provisions for the necessary and preliminary step of the valuation of the land of the country and provisions for the imposition of a tax upon the valuation thus obtained . . . I proposed that the valuation should be substantially completed before the tax began to be levied. Thus the imposition would not become operative during the current financial year. I expected the valuation would be completed within a period of two years from the passing of the Bill. The tax, when it became operative, would be at the rate of 1d in the £1 on the capital land value.

"We had already been advised by the Speaker that unless a special Resolution was passed by the House the Land Clauses would fall outside the definition of a Money Bill and it would, therefore, be open to the House of Lords to reject these clauses. In order, therefore, to protect the Land Clauses against rejection by the Peers I proposed the necessary resolution a few days later for imposing tax to come into operation at a date subsequent to the expiration of the current financial year. I anticipated that such a resolution would meet with strenuous opposition from the Conservative Party, who would, no doubt, realise what its object was. When the resolution came forward I was astounded to see that the Conservatives had no comprehension of its purpose, and they confined their criticism to the general principle of a tax on land values."

Even this small and experimental site value tax was not intended to apply universally. Agricultural land would be omitted, save where it had a value in excess of its agricultural worth. So also would land owned by local authorities, and land used for hospitals, churches, railways and certain other purposes be excluded. Land with a capital value below £120 would be

omitted — which, in 1931 values, meant practically all working-class houses which were owner-occupied. The whole valuation would be revised quinquennially.

When the House of Commons resolution authorising the tax came to a division on 6 May, the three Parties did not split. All the Labour and Liberal MPs who voted supported the Government; all the Conservatives who voted opposed it. Very soon afterwards, however, the internal strains of the Liberal Party brought serious difficulties both for themselves and for the Government.

At this point, a brief digression is needed. Lloyd George was at that time attempting to secure some kind of *concordat* by which the Government would at least introduce certain Liberal measures, and would perhaps even incorporate Liberals in the Ministry. In return, the Liberals would give them general support, and thus relieve the Government of any serious threat to its continued existence. Some Liberal MPs, however, received a kind of counter-offer from the Conservatives, who were prepared to ensure that those Liberal MPs who would co-operate with them in bringing the Government down should not have Conservatives against them in their own constituencies. Exactly who received this offer, and whom it tempted, does not seem to be known; but the three Liberals who at this stage showed the most marked leanings towards the Conservatives were Sir John Simon; Sir Robert Hutchison — until recently the Chief Whip — and Ernest Brown, victor of a spectacular by-election in 1927. None of the three had a very large majority, and each of them had had a straight fight against Labour in 1929.

Labour had its own difficulties. Snowden wrote later that “My own Party, with a few exceptions, were not enthusiastic about the land taxation clauses, and my task in resisting unreasonable exceptions was made more difficult by the fact that some of my Cabinet colleagues were saying freely in the lobbies that I was not supported by the Cabinet . . . The Prime Minister and a large section of the Labour Party were terrified that my uncompromising attitude might lead to the defeat of the Government and to a second General Election, which they were very anxious to avoid.”⁸

The large number of Labour MPs who had signed a land-taxing petition a year and a half earlier scarcely suggests lack of

enthusiasm in the Party's ranks; perhaps Snowden's real complaint was that they were unwilling to countenance his "brinkmanship" towards the Liberals, and his stubborn insistence that certain features of the Finance Bill should be preserved, even though these features were by no means essential to its main objectives, and jeopardised both the passage of the Bill and the life of the Government.

The general confusion over the Government's land proposals continued. The Liberals tabled an amendment, which was to be moved on 17 June, and was designed to deal with what was called "double taxation". As the proposals stood, the holders of certain kinds of hereditaments were liable to be taxed twice when the land taxes came into operation. They already paid Income Tax on their land; they would eventually pay Land Value Tax in addition. The Liberals contended that they had supported the Second Reading of the Finance Bill because they approved the principle of the taxes; but they could not continue to support the Bill unless this matter was rectified. The position was considered by the Cabinet on 10 June. On the following day, Lloyd George declared his own Party's attitude at a meeting in Edinburgh: "As the Government's proposal stands, it is unjust. We have come to the conclusion as a Party quite unanimously — there was not a dissentient voice — that we cannot assent to the injustice of the thing as it stands. We have come to that conclusion with our eyes open, and we mean to stand by it whatever the consequences may be . . . I am told that if we insist the Government will throw in its hand. If they do that is their responsibility . . . I shall regret it, but it is for them to decide, not for us."

Both the Government and the Liberals took this matter very seriously indeed, for if all the Liberals did vote against the Government, it would probably be defeated. Anxious efforts were made on both sides to prevent this outcome, and a compromise Liberal amendment was drawn up. This was ruled out of order, but a new form of amendment was eventually produced after discussions between a Liberal lawyer on one side and Sir Stafford Cripps, the Solicitor-General, on the other. The eventual draft can have satisfied nobody, but it was passed by the House of Commons on 24 June, with the support of Labour and most of the Liberals. Four Liberals, however, voted with the Opposition.

The Liberal difficulties were made worse by the attitudes of both the Government and the Conservatives. Snowden wisely

pointed out that once the valuation had been secured, it would be up to future Parliaments to decide what the tax should be. He also observed — much less wisely — that the principle of double taxation had been preserved. This led Neville Chamberlain, for the Conservatives, to declare that he had “never known a more merciless exposure than that to which (the Liberals) had been subjected by the Chancellor. So far from having their faces saved, they had them rubbed in the mud”.

Snowden later reflected that: “The general tone of this debate did not reflect much credit upon any of the Parties concerned.”⁹

One may reasonably ask why either the Government or the Liberals should have been so obdurate on the matter. On the Government side, there seems little doubt that Snowden himself was the most recalcitrant. He had had tremendous difficulties over land valuation all along, and was probably unwilling to allow any tampering whatever with the Finance Bill, lest some technical error should creep in and vitiate the whole structure. So far as the Liberals were concerned, they had apparently every reason both to get land valuation through, and to keep the Government in office. Why, then, did Lloyd George set everything at risk by his Edinburgh speech? The answer was really given two days after the vote in the House of Commons. Simon, Hutchison and Brown all resigned the Liberal Whip, giving as their reason the Party’s behaviour over “double taxation”. No doubt, Lloyd George had seen for a long time that Simon at any rate would secede on some pretext or other, and hoped that by taking a strong line over “double taxation” he would be able to hold his Party together for a few more weeks — by which time he had good reason for thinking he would be able to clinch a more or less permanent and general deal with the Government.

The Government met other obstacles as well. A fruitful source of trouble was the statutory exemptions from taxation. Innumerable bodies made impressive arguments for various kinds of land in which they had special interest to be exempted. At one point, the Opposition contrived to defeat the Government on a “snap division” concerning one of the proposed exemptions. It was not of crucial importance, and eventually the Finance Bill passed its Third Reading, on 3 July. As it could receive the Speaker’s certificate as a “Money Bill”, the Lords were unable to block it, and on 31 July Royal Assent was signified.

On the very day that the Finance Act became law, the report

of the famous "May Committee" was published. This showed that a grave financial deficit was anticipated. That report was the beginning of a crisis which led, a little over three weeks later, to the collapse of the Second Labour Government and the formation of an all-party National Government, charged to achieve certain economies which the May Committee, and most other people, seemed to regard as necessary.

There is little reason to doubt that the National Government of 1931 was, in its inception, a perfectly sincere attempt by the leaders of the three Parties to deal with an urgent current problem together; and that the full intention of them all had been to disband once they had done so, and to make their separate Party appeals to the country at a General Election which would inevitably supervene.

In the course of the few weeks which followed, the whole character of the Government changed beyond recognition. The Labour Party expelled those members who participated. The original Government decision to break up before an appeal to the country was reversed. A General Election was held, and not only resulted in a quite unparalleled majority for the National Government, but also gave the Conservatives an overwhelming majority over all other parties combined. After the election, the composition of the Cabinet was radically altered. Snowden — now a Viscount — moved from the Exchequer to the far less effective post of Lord Privy Seal, where he had no special *locus standi* to defend land-taxing. The new Chancellor of the Exchequer was Neville Chamberlain, one of the most bitter opponents of land reform. On the other hand, the former Labour members of the Government, and most of the Liberals, remained within the Ministry, and it was considered of some importance to avoid taking any measures which would offend them unnecessarily.

About a month after the new Cabinet was formed, Neville Chamberlain proposed to discontinue the land valuation — ostensibly on the grounds of expense. There was considerable discussion, and evidently a great deal of disagreement, within the Cabinet; but eventually it was agreed: "The the Chancellor of the Exchequer . . . should announce that for reasons of financial stringency it had been decided to suspend the Land Valuation Clauses of the Finance Act 1931, but that the decision was taken without reference to the merits of the scheme and did not involve its annulment."¹⁰

The land tax proposals next attracted attention when Neville Chamberlain introduced his 1932 Budget. The Chancellor proposed to suspend the Land Value Tax projected for 1933-4, but not to repeal either the tax or the system of valuation. Opponents of the Government predictably criticised the recommendation. The Government was also attacked from the other side. In the Committee Stage of the Finance Bill, a Conservative MP, Lt-Col Acland-Troyte, proposed an amendment to repeal both the tax and the valuation altogether. Not the least savoury aspect of the debate which ensued was that Acland-Troyte's view was strongly supported in the Commons by George Lambert and in the Lords by Lord Strachie — who had both recently broken from the Liberals. The most weighty contribution came from Stanley Baldwin, who was virtually acting as joint Premier. "Had this been a Tory Government, we should have repealed the Statute . . . What is the present effect of this Statute? It is a Statute in coma. For this Parliament there can be no prospect at all of there being a land tax or land valuation, so that apprehension ought to be removed . . . Do you think that I, going about the country as I did and knowing the force of Lord Snowden's speeches and broadcasts in helping to win seats which we should never have won, was going to say to them, 'Oh, no, now we have got a big Tory majority, much bigger than I expected, out you go.' Not much . . . We can accept neither a repeal of the Act nor the insertion of the Amendment."¹¹ The amendment was pressed to a division, but the Government Whips were imposed against it, and it was heavily defeated.

By the time of the 1933 Budget, the situation had changed in several respects. Lord Snowden and the Liberal Ministers had at last resigned from the Government, although several former Labour Ministers (who were called "National Labour"), and several former Liberals ("Liberal Nationals"), remained. A strong Committee of MPs who were anxious to secure the removal of the offending clauses had been established. An amendment to the annual Finance Bill to that effect was signed by 204 supporters of the Government, and about 300 MPs were eventually associated in a move to secure either Government support for the Amendment or a free vote — which, of course, would come to the same thing. Baldwin met the Members concerned, and his arguments were similar to those of the previous year. He told them that the Cabinet had unanimously decided against the

removal of the 1931 provisions from the Statute Book — adding that “he and his Conservative colleagues felt that the ungrudging loyalty with which their Labour colleagues had supported other features of the policy of the National Government did call for mutual consideration.”

Neville Chamberlain spoke to the meeting in the same vein, and the Members agreed to withdraw their amendment. It was noted, however, that “the Committee will continue to press the urgent considerations calling for the repeal of these taxes whenever the opportunity to do so may legitimately arise.”¹²

Thus for another year did land valuation and the land taxes wait in limbo. Their existence on the Statute Book, however, presented a continuing irritant to a large section of the Conservative majority. The following Budget, in 1934, again made no proposals to alter the situation. Quite astonishingly, when the Finance Bill appeared, it was proposed by the Government that the valuation and taxation should be repealed. By what test the Ministers could justify the retreat which they thus made from the strong line taken in the previous two years is difficult to understand. MacDonald’s own explanation, given in the course of a public correspondence with A. W. Madsen, secretary of the United Committee for the Taxation of Land Values, seems peculiarly inept: “. . . A Government which was determined to ‘take drastic and energetic steps to put into operation the taxation of land values’ would have to proceed to legislation, as the clauses that have been in suspense for years, largely owing to amendments which the Chancellor had unwillingly to accept from both Liberals and Conservatives, were not sufficiently full to enable a great deal to be done.”¹³

On the motion for the inclusion of the repeal clauses in the 1934 Finance Bill, the House divided on purely party lines. All the Conservatives, with their National Labour and Liberal National associates, supported the repeal; all the Liberal and Labour MPs opposed it.¹⁴ The overwhelming majority, of course, lay on the Government’s side, and the Bill eventually passed into law in the form proposed. The manner in which the land taxes were eventually destroyed can have given little satisfaction even to their most inveterate enemies. It was a dreary end to a tremendous saga.

For the remainder of the 1930s, the chief preoccupation of

statesmen lay at first with industrial unemployment and later with international questions. Arguably, the land problem really stood at the root of both of these issues; but whether this be true or false, most men did not see things that way.

Rural land questions were not so much settled as thrust aside. The spirit of the Government's policy towards agriculture in the 1930s was essentially contractionist. When industry secured "protection" in 1932, the farmers were bluntly — and officially — told that "any (agricultural import) duty, to be effective, would have to be so high as to cause an immense intolerable rise in the price of the commodity . . ."¹⁵

Thus did the farmers get the worst of all worlds. They were now required to pay duties on things which they needed to import, while their own products were unprotected.

This policy of contraction was seen in other places as well. The Agricultural Marketing Act of 1933 imposed severe penalties on those who dared to produce too much food. There seemed some sign of a change when the Agriculture Act of 1937 authorised Exchequer grants for certain kinds of improvements, and for grain production; but an important speech delivered by the Prime Minister, Neville Chamberlain, on 2 July 1938 made it clear that the Government did not propose to give any substantial boost to agriculture, even in view of the threat of war and blockade.

Specifically Scottish questions were treated in a similar way. The Scottish Department of Agriculture decided in 1933 that many of the smallholdings created under the Pentland Act of 1911 were uneconomic, and began to move in the opposite direction — towards large, consolidated holdings.¹⁶ Thus there was little encouragement for anyone to take up a career in agriculture, and those who were already there tended to drift into the towns. Some farmers were able to make a success of livestock rearing, but most men saw little hope for agriculture either in the present or in the foreseeable future.

The story of the land question in the urban areas was markedly different, and much attention was focused on London. In 1934, the Labour Party won control of the London County Council. This victory was immensely important for the *morale* of the Labour Party, which had suffered such a disaster at the General Election three years earlier. Herbert Morrison, who was the principal figure among the Labour group on the LCC, was evidently determined to make the Labour administration of

London so successful that it would greatly assist the Party's revival on a national scale. A vigorous attack was made on a number of problems; but our concern here is with the vociferous demand which was raised for the right to levy rates on the basis of site values. In 1936, the LCC petitioned the Government for legislation to that effect. When the request was refused, the Council decided to promote a private Bill. For technical reasons this had to be withdrawn, and on 15 February 1939 Morrison — by then also a Member of Parliament — brought a motion under the "Ten-minute" rule for leave to introduce a public Bill. The proposal was predictably defeated by the large Government majority, but it attracted considerable attention. Land Value Taxation was certainly by no means dead as a public issue, and there was good reason for thinking that when and if the Labour Party became again the Government of the country, some positive action would be taken on the matter.

Then came the war. As in 1914-18, emergency legislation gave the Government special powers to acquire property for wartime purposes. Subsidies for food production were applied on a much larger scale than in the 1914 war, and were eventually continued into the post-war period. As in the First World War, a Coalition was eventually formed, and policies of post-war reconstruction were devised, which — it was hoped at the time — all parties might later accept.

A special problem arose because the scale of bomb damage in Britain was incomparably greater than it had been in the earlier conflict, and this damage inevitably presented great opportunities for land speculation. Oliver Marriott, in his book *The Property Boom*, describes the methods of one of the land "developers": "Generally he would ring an estate agent the day after a particularly heavy bombing raid. 'Take off your coat, roll up your sleeves and go out and buy,' he would say. 'Did you hear the bombs last night? There must be some bargains around this morning'."¹⁷

Wartime restrictions on building were largely relaxed in cases involving bomb damage, especially where structures became dangerous as a result of that damage. Considerable discretionary powers resided with public officials, who were occasionally amenable to direct bribes, or at least to the "generosity" of interested parties. It soon became clear that any town planning which might be projected after the war could well be vitiated by the activities

of such gentlemen. On 29 December 1940, the Government announced the establishment of a Committee, under Mr Justice Uthwatt, to consider what action should be taken, while the war was still being fought, to prevent the work of post-war reconstruction being impeded through land speculation.

The Uthwatt Committee's interim report appeared in the summer of 1941, and its final report a year later. The latter proposed distinct policies for urban and rural areas. Future development within the towns would only be allowed with State permission. In built-up areas, public authorities would receive compulsory purchase powers over any land which might be required for planning or other public purposes, and compensation should be based on the value of that land on 31 March 1939. The compensation value for the whole country should be assessed, and a General Compensation Fund to that amount should be created, which would then be divided between claimants.

The Government now had to decide to what extent it would follow the Uthwatt proposals, and how to implement its policy. Great difficulties were encountered, and long delays resulted. Early in 1943, a Ministry of Town and Country Planning was established "to secure consistency and continuity in framing and execution of a national policy in respect of the use and development of land throughout England and Wales". By October, the Minister was able to assure local authorities that the Government had accepted the principle that all land in areas of extensive wartime damage should be acquired by public authorities, and at a compensation figure not exceeding the 1939 value.

Much further delay now ensued, and it is not difficult to guess that differences of opinion within the Government played a large part in producing that delay. Eventually, in the middle of 1944, the Government set out its plans. A Town and Country Planning Bill was issued — although, in spite of its name, this was only designed for certain urban areas. A White Paper was also published, providing the Government's view on the Uthwatt Report and the modifications which were considered necessary.

The Town and Country Planning Bill of 1944 was concerned both with areas of extensive bomb damage and with slums. Local planning authorities were invited to submit redevelopment plans to the Ministry. If these were approved after a public inquiry, the local authority would receive compulsory purchase powers. When the Bill came before Parliament, much further difficulty

was encountered over the question of compensation, and at one point Churchill intervened in the debate and threatened to drop the whole Bill. Eventually agreement was reached to the effect that (with certain exceptions) the basis should be the 1939 values. The Bill then proceeded to enactment without much trouble.

The Coalition Government's White Paper did not lead to legislation, but it is of interest as a link between the original Uthwatt proposals and the measures which were adopted after the war by the Labour Government. The Coalition proposed that development should only be authorised when specifically approved by the planning authority. When such permission was granted, the landowner should pay a "betterment charge" corresponding with 80 per cent of the increased value of his land; while if permission were refused, he should be entitled to compensation for loss of development values as they had existed in 1939.

At the General Election of 1945, the Labour Party won a massive overall majority. The new generation of Labour leaders had received experience of major office in the wartime Coalition; but most of them were mainly interested in industrial nationalisation and the extension of what was called the "welfare state". Herbert Morrison was Lord President of the Council, and many regarded him as the natural successor to Clement Attlee, the new Prime Minister; but there were not many other senior members of the Government whose interest in land questions had attracted much attention in the past.

The man apparently best placed to give practical effect to his views on land matters was Lewis Silkin, the new Minister of Town and Country Planning. Town Planning was of immense public interest, and radical changes were assuredly required. Silkin did not have a seat in the Cabinet, however, and his proposals were bound to be influenced by the Uthwatt Report, which had acquired a considerable *mystique* in the public mind. In January 1947, Silkin brought forward the Government's Town and Country Planning Bill, which attempted a broad-fronted attack on the whole future course of land development.

The Bill proposed that, as from an "appointed day", no further development of land should be permitted without consent of a local Planning Authority. In certain cases, a landowner would have a right of appeal to the Minister concerned, who could modify the Planning Authority's requirements. The landowner was authorised to continue to use the land in its current manner

without interference. When permission to develop was granted, the landlord would be required to pay to a new body, the Central Land Board, a "development charge of such amount (if any) as the Board may determine". The principle of assessment of development charges would be decided by the Minister, but the charge would not exceed the estimated increase in value deriving from the development. In a number of cases — such as most alterations to existing buildings, and the repair of war damage — no development charge would be levied. Owners who considered that their land possessed a "development value" on the "appointed day" would be allowed to submit claims for compensation to the Central Land Board. A fund of £300 millions would be set up, which could be used in satisfaction of these claims — compensation taking the form of negotiable Government stock. This particular Bill applied to England and Wales only, but a similar Bill for Scotland followed a few weeks later.

The aim of these Bills was thus to collect any increase in land values which might arise in the future as a result of actual or prospective developments. The £300 million compensation fund would ensure that those whose land was "ripe" or "ripening" for development did not suffer so far as their present interest was concerned. Any increase in land values arising without an alteration of use would remain with the landlord; and a landlord who proposed to keep his land in its current use would not be disturbed, even though there existed a great demand that that land should be set to some more profitable function.

Long before the Bills were published, the general intentions of the Government were known to the Parliamentary Labour Party. On 15 July 1946, no fewer than 167 Labour MPs signed a Memorial to the Prime Minister, protesting against the form of the proposed measure, and enclosing two reasoned memoranda on the subject.¹⁸ The Uthwatt proposals were strongly and directly confuted by the memorialists. They contended that if the development charge were substantial it would be likely to inhibit development; that the scheme would not collect all kinds of land value increments; that it would not extinguish speculation; that great sums of public money were being given away unnecessarily to landowners; that the scheme would be costly to administer. The need for general land valuation was firmly stressed.

Something like half of the available members of the Parliamentary Labour Party were thus subscribing their names to a

document wholly in the spirit of the pre-1914 land-taxers, and completely contrary to the intentions of the Minister. It is difficult at present to say how and why such an impressive array of arguments and men was unable to deflect the Government from its proposed course. We may guess that one of the reasons was that the leading members of the Government had been involved in the production of the 1944 White Paper, and could not easily abandon the Uthwatt proposals.

Just as the decisions of the wartime Coalition seem to have determined the general line which the post-war Labour Government would take, so also do they seem to have inhibited the Conservative Opposition which had been similarly involved. The chief Conservative spokesman was able to criticise the Bill for "haste, inconsistency and vagueness", and could shrewdly observe that the sum of £300 millions looked like the result of bargaining with the Treasury; but he was in no position to deliver any kind of fundamental attack on the Bill's provisions. Some Labour critics objected to the compensation fund, and other features of the Bill, in the spirit of the Memorial which they had delivered to Attlee. The Whips, however, were put on; the measure was forced through, and the "Appointed Day" was set at 1 July 1948.

Almost at once, the weaknesses of the Town and Country Planning Act of 1947 began to appear. Long before the Third Labour Government had left office, they had been forced to accept modifications. In June 1950, and again in the following month, the Government announced types of development on which the charge would not be levied.

In the autumn of 1951, the Conservatives were returned to office. Early in 1952, Harold Macmillan, Minister of Housing and Local Government, told the Commons that the total sum received in development charges in the three and a half years which had elapsed since the "appointed day" was but £8.6 millions, with a further £4.9 millions set off against the compensation fund. The revenue which the charge was producing was negligible; the disincentive to development was massive. At last, in November 1952, the Government announced its intention to abolish both the development charge and all further claims on the £300 million fund; although the full apparatus of planning control would be retained. Little more than a perfunctory protest could be made by the authors of the 1947 Act. The development charge perished

almost without regret;^{1v} a remarkable monument to the failure of leading statesmen to make a proper study of land economics.

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Thus far, the author has attempted not merely to record events, but to try to get behind those events and understand the real causes. This is exceedingly difficult when primary documents are not available, and may easily descend into idle speculation. Even the story of the Town and Country Planning Act will probably require considerable revision when the relevant Cabinet papers are opened, and the private documents of statesmen of the period become more generally available for inspection. It is best, therefore, to leave our detailed chronicle at this point.

It would be quite wrong, however, to imagine that the land problem has in any way diminished in interest during the more recent period. In 1967, for example, the Labour Government set up a Land Commission with very wide powers of compulsory acquisition. That Commission was abolished three years later by the Conservatives, but a further Labour Government has since brought out a Community Land Bill which is at present (autumn 1975) before Parliament. That particular question is evidently by no means settled. The radical alterations of leasehold tenure which took effect at the beginning of 1968 is a further reminder that statesmen cannot, and will not, neglect the problems presented by land. A great deal more will need to be done, as and when the documents become available, to unravel and understand the events which have already occurred.

Notes-12

- 1 Mineral royalty values, unlike ordinary land values, are wasting assets. Nevertheless, the two kinds of values are similar in the respect that neither derives from the activities of the landowner.
- 2 Wedgwood to Snowden (copy), 23 December 1929; see also Snowden to Wedgwood, 24 December 1929. Wedgwood papers.
- 3 Cabinet Minutes, 14 May 1930. C 27(30)4.
- 4 Cabinet Minutes, 21 May 1930. C 28(30)8.
- 5 Snowden to Wedgwood, 7 June 1930. Wedgwood papers.
- 6 Cabinet Minutes, 23 July 1930. C 44(30)12.
- 7 Viscount Snowden, *An Autobiography*, ii (see bibliog.), p. 905.

- 8 Snowden, *op. cit.*, p. 915.
- 9 *Ibid.*, p. 911.
- 10 Cabinet Minutes, 7 December 1931. C 85(31)2.
- 11 House of Commons, 26 May 1932.
- 12 *The Times*, 31 May 1933.
- 13 MacDonald to A. W. Madsen, 14 May 1934; published in Press shortly afterwards.
- 14 Division 270, 5 June 1934.
- 15 Oliver Stanley, Under-Secretary for Home Affairs, at Clifton, 15 October 1932.
- 16 John Brown, "Scottish and English Land Legislation 1905-11", *Scottish Historical Review*, 1968, vol. 46, at p. 85.
- 17 Oliver Marriott, *The Property Boom*, p. 60.
- 18 Copies of both memoranda, the letter to the Prime Minister and the list of signatories, are included in the R. R. Stokes papers.
- 19 The modern 40 per cent Development Levy is assessed on the difference between capital value before and after permission to develop has been granted.