

- The property tax will feature prominently when Margaret Thatcher seeks a mandate for another five years in power. She has now abolished the tax on residential properties, but Britain's Labour Party threatens to reinstate it.
- The Liberal Democrats returning to their philosophical roots, say they want a tax on site values only, for commercial property. But Mrs Thatcher will fight tooth and nail to

preserve her "flagship" policy, the Poll Tax, as the means for raising revenue for local governments.

- Are there lessons from history for these politicians? ROY DOUGLAS, a lecturer at Surrey University, has written a classic book on the history of the politics of the property tax. Here, he warns of the practical problems that may confront reformers even when they have parliamentary majorities.



TORIES' LAND TAX POSER

BEFORE 1914, there had been massive interest in land taxing. Then most people decided that they were much more interested in killing Germans than any other kind of activity, and the issue was swept aside. Nevertheless, there were plenty of people in both Labour and Liberal Parties who had understood the land question clearly before the War, and when peace returned they soon began to recollect what it was about.

For most of the inter-war period, Conservative opponents of land taxing had large majorities over all others combined, but there were two exceptions, when there were substantial - though composite - majorities in favour. On both occasions a really keen land taxer, Philip Snowden, occupied the crucially important position of Chancellor of the Exchequer.

In the General Election of December 1923, 258 Conservatives, 191 Labour and 159 Liberals were elected. When the new Parliament met in the following month, the Conservatives were defeated by a combination of Labour and nearly all the Liberals. A Lib-Lab coali-

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tion would have seemed the natural upshot, but Labour refused to entertain the idea and a precarious minority Labour Government emerged.

Land taxing was undeniably popular. In April 1924, a resolution seeking leave to introduce a Bill "to provide for the valuation of land, and for the rating of values, and other purposes connected therewith" was supported by both Labour and Liberal Parties, and was carried by more than a 2 : 1 majority.

Thereafter, however, a complex series of inter-Party and intra-Party intrigues, related to completely different questions, ensued. The Government was far too weak, far too brief, for dramatic reforms in the land taxing direction, and in October it was defeated - more or less by accident - over the notorious "Campbell case".

In the 1929-31 Parliament, the two land taxing parties again had an overall majority; but on that occasion Labour was the largest single Party in the Commons, and far ahead of the

Liberals. Towards the end of 1929, the Chancellor received a petition in favour of the introduction of land taxing in the next Budget, supported by 165 Labour and Liberal backbenchers. Unfortunately, there were two vital problems.

The first was technical. Land taxing is a two-stage operation. First you must value land, then you tax it. After the Parliament Act of 1911, the House of Lords lost its power to block a taxation Bill, but retained the power to hold up a valuation Bill for close on three years - and, of course, the House of Lords was overwhelmingly opposed to land value taxation.

When and if the valuation Bill at last got through Parliament, the process of valuation would itself be protracted. Thereafter, land value taxation would presumably be introduced in gradual stages. Thus the road to full-scale land value taxation à la Henry George would be a very long one.

The second problem was much more urgent in character, but it made any kind of controversial long-term reform peculiarly difficult to set in oper-

ation. The Wall Street Crash occurred in October 1929. In 1930, the Great Depression hit Britain - with unemployment figures more or less doubling in the course of the year. Thus in 1930 most people became far more preoccupied with these immediate economic problems than with long-term reforms.

Nevertheless, Snowden battled on. After many difficulties with his Cabinet colleagues, it was decided that land taxing proposals should be omitted from the 1930 Budget, but a valuation Bill should be brought forward soon afterwards. The Bill got a First Reading in June. Then there were second thoughts, and at last it was decided to drop the Bill but introduce its provisions into the next Budget.

Snowden in fact was seeking to dodge trouble with the Lords by a highly technical expedient. The Budget should include proposals for a small land value tax; but that tax would not be operative for two years. In order to service the tax, valuation should be introduced in the current Finance Bill. A resolution in favour of the appropriate proposals got through the House of Commons, with support from the Labour and Liberal Parties.

As in the 1924 Parliament, there were strong party-political overtones. The depression was

rapidly getting worse. Many of the Labour people, while not dissenting from the desirability of land taxing, gave it a low priority in the current scheme of things.

The Liberals were beginning to split catastrophically into those who sought to coerce Labour to adopt their own anti-slump proposals and those who preferred to put out the Labour Government even at the price of putting in the Conservatives. Lloyd George, for practical purposes the Party's leader, was trying somehow to stop it falling to pieces.

Snowden and the Liberals were on pretty bad personal terms, and there was a good deal of "brinkmanship" by Lloyd George. Despite all these vicissitudes, Snowden's proposals got through the Commons. The Lords had no constitutional power to resist, and at the end of July 1931 the Finance Bill received Royal assent.

Triumph for the land taxers? Not a bit of it. Within a month, the Labour Government had fallen on completely different issues, and a National Government was in office. The history of that Government is mainly outside our story. Suffice to say that within a day or two it had been repudiated by the Labour Party; that, before 1931 was out,

a new General Election gave the Conservatives more than three-quarters of the seats in the House of Commons. Demise of the land-taxing proposals was certain, although they were not formally killed until 1934.

WHAT, then, are the morals for the future? Some of the difficulties faced by land taxers in the past are no longer operative.

The House of Lords survives on sufferance, and can probably do little further harm. The Conservative Party is far less rooted in the landed aristocracy than it was in inter-war days, and it is by no means impossible that Conservatives can be brought to see the value of land taxing as an alternative to taxes which exercise a profoundly disincentive effect on production.

Nevertheless, there are many other possible obstructions, and reformers must always ponder that there is all the difference in the world between a passive Parliamentary majority in favour of a particular measure and an adequate head of steam to set that measure into legislation.

Best solution of all would be to interest people of disparate party allegiances in the idea, and eventually get it through as an almost uncontentious reform. *Stranger things than that have happened in politics.*

• 1932: Britain was in the midst of a depression - would jobs have been created if Parliament had successfully implemented a programme of taxation on the annual rental value of vacant sites?

