

MR. ARTHUR HENDERSON, M.P., ON THE TAXATION OF LAND VALUES

At Cromer, 17th March

I must say a few words in connection with a matter that very much affects the electors of North Norfolk. I refer to the Labour Party's programme with regard to the agricultural industry. Let me first of all give you a quotation from an article by the Prime Minister, published in September, 1919. He wrote:—

"Agriculture is such a vital industry—it is, after all, the greatest industry in this country—that it is quite impossible to make a survey of the trade and industry of the country and leave it out of the reckoning. I hope to submit to the agriculturists of this country on behalf of the Government schemes which will restore agriculture to the position it was in forty or fifty years ago, when there were four or five million more acres under cultivation than now, and will put us in the position which Germany was in—where Germany produced food on a hundred acres to feed seventy-five persons, whereas in the United Kingdom it feeds only forty persons." (Right Hon. D. Lloyd George, in "The Future," September, 1919, p. 6.)

I have not yet seen that scheme, but I have seen the scheme of the Labour Party. I know also that Lord Ernle, the late Minister for Agriculture, stated in the *Times* on 19th December, 1921, that the policy of the Labour Party at present holds the field unchallenged. Here are his words:—

"The Labour Party is the one section of the community which has put forward a definite programme with regard to agriculture and rural life. At present they have no competitor."

That policy has for its basis *the increased production of foodstuffs by the employment of more British labour on better cultivated land*, and it is only possible to achieve that object by bringing into use the wonderfully fertile soil of this country which now lies idle. Why is that land idle? Why is the labour of the countryside not allowed to apply its power to the soil? Why are labour and the land—the two primary factors in production—not allowed to fulfil their destinies by creating the wealth that would permit every man, woman and child to enjoy—*under a proper system of distribution—the fullness of life for which the Labour Party stands?* Because, Sir, the land-owners of this country stand sentinel at the gate that bars the way to the natural resources of the soil. They are the watch-dogs who take care that not one jot or tittle of the wealth which lies hidden in the land shall be produced without their sanction. Nowadays we hear much of the sacredness of capital. "Hands off Capital" is the phrase. But do you ever hear them say, "Hands off the Land?"

The Labour Party says that if the great land-owners of this country desire to put fences round the most productive soil in the world in order that they may cast their gaze over vast domains and enjoy a prospect where "only man is vile"—then, we say, they must pay for the pleasure of doing so. Accordingly, it is proposed to have the land valued, and to ask the owner to pay a tax on that valuation. I think that by the pressure of the taxation and rating of land values the owners would soon find that the land held out of use was not so necessary to their pleasure as they thought. I venture to suggest that they would quickly commence to seek buyers or tenants. The plentiful supply of land that would come on the market would enable farmers to obtain their holdings at a reasonable price or rent instead of having to enter into possession on the inflated values with which you are acquainted. I assert, without fear of contradiction, that *nothing* would give a greater stimulus to the agricultural industry than the freeing of the land. More farms would be opened

up; more opportunities of employment would offer for the agricultural worker; the countryside would become a hive of industry instead of a grave of disappointed hopes. The root of the rural problem is where all roots are to be found—in the Land.

Before passing on, I desire to point out that the taxation of land values would not impose any further burden upon the agricultural industry. Rent, in fact, is already a tax upon industry, and the proposal we suggest would merely be a tax on a tax. The land-owner would have to pay it. He could not pass it on to the farmer, and he could not make the agricultural worker pay it by means of a reduction in his standard of life. I challenge anyone to say that a tax on economic rent is paid by anyone else than the receiver of the rent. But the Labour Party would go further than that. The present system of assessment and rating produces an inequality of burdens which are injurious to agriculture. Improvements are positively discouraged. The burden of rates is often heaviest where it can least well be borne. A farmer who improves his land or erects an additional building for the housing of his live stock finds immediately that his assessment is raised. The Labour Party holds that it is suicidal for the nation to penalise by increased taxation occupiers of land who affect improvements which add to its value. We propose a drastic revision of the entire system of assessment and rating in order that the taxation of land may be used to unrate the improvements made by the occupier.

HOW FOOD IS TAXED

(From the CO-OPERATIVE NEWS, 18th March)

The incidence of indirect taxation is revealed in statistics prepared by the C.W.S. in regard to six classes of dry goods. In sugar, jam, sweets, etc., the value of the society's trade for 1921 was £12,060,375, and of this amount £4,263,098, or 35.35 per cent., constituted duty. Out of a total trade of £4,884,643 in tea the duty amounted to £1,738,244, or 36.18 per cent. For coffee the value of the trade and the duty paid were respectively £238,830 and £46,963, or 19.66 per cent. Cocoa paid a duty of £88,539, or 14.19, on business amounting to £623,821. Tobacco, however, suffers the highest tax, the amount paid being £1,977,945, or 70.65 per cent., on sales of £2,799,497. The tax on dried fruit only amounts to 6.01 per cent., or £68,354, on a trade of £1,136,208.

The total business during last year for the articles mentioned was £21,663,374, upon which the consumer has indirectly paid in duty £8,183,123, or 37.77 per cent. The figures for 1920 were: Trade, £27,035,495; duty, £7,579,639; or 28.04 per cent. Indirect taxation on these particular articles, which are in common use, has therefore increased, and the consumer in 1921 paid 7s. 7d. in the pound as duty, as compared with 5s. 7d. in the pound in 1920.

The GROCER announces that a poster has been issued by the Stockton, Thornaby, and District Grocers' Association in regard to taxes on food. The poster reads:—

DON'T BLAME YOUR GROCER.

The Real Cause of High Prices is
TAXATION.

THE GOVERNMENT COLLECTS

- 2½d. Tax on every pound of Sugar.
- 10d. or 1s. Tax on every pound of Tea.
- 3½d. or 4½d. Tax on every pound of Coffee.
- 10s. 6d. Tax on every 112 pounds of Raisins.
- 6½d. Tax on every ounce of Tobacco.

These are only a few of the Taxed Articles.